

CT. 1
38

NESS
ATOR

BUSINESS WEEK

←
Year
ago

←
Week
ago



RAW-HILL
ISHING
ANY, INC.

CENTS

International
PEACE PRIZE—Edward F. McGrady of R.C.A. gets American Arbitration Association's first annual award for service in the cause of industrial peace, major theme of the Report to Executives on "Public Relations for Industry" in this issue.

AMERICAN MICHIGAN
CENTRAL LIBRARY
UNIVERSITY OF MICHIGAN

"ALLIS-CHALMERS MOTORS HELP US TO PROTECT OUR REPUTATION"

*Another true case history
from the Allis-Chalmers
files that proves "IT PAYS
TO BUY THE EQUIPMENT
THAT PAYS FOR ITSELF!"*

Read what E. F. Kieckhefer, Vice-President, A. Kieckhefer Elevator Company, Says about Allis-Chalmers "Lo-Maintenance" Motors... How They Save Money... Build Customer Good Will! Get the Details on How You Can Cut Your Costs... Make Your Plant a Bigger Money-Maker with the Equipment that Pays for Itself!

You can't take chances with the motors you buy when you're in the elevator business! Breakdowns mean building traffic jams . . . tied-up freight . . . wasted time and wasted dollars! And you can't build customer good will that way!

The A. Kieckhefer Elevator Co., of Milwaukee, Wis., has built elevators for 56 years. And in that time they've built themselves an outstanding reputation throughout North and South America for elevators that set low cost maintenance records . . . that don't break down!

Can't Take Chances with Reputation!

That's why E. F. Kieckhefer, helps pro-

tect his company's reputation with Allis-Chalmers "Lo-Maintenance" Motors!

"You need motors in elevator work," he says, "that are tough . . . that can take the terrific abuse of repeated starting and stopping . . . without failing."

Selling Elevators Means Selling Service!

"And selling the service our motors will give is just as important as selling the elevators themselves. Our customers demand equipment that will stand up even under the most adverse conditions without money-wasting shutdowns!

"That's why for twenty-five years I've practically always specified Allis-Chalmers Motors for our equipment. Our customers get better service, saving money in maintenance costs. And we don't get complaints! Allis-Chalmers motors help us protect our reputation as builders of elevators that don't break down!"

Allis-Chalmers Guards Profit Margins!

Allis-Chalmers "Lo-Maintenance" Motors are some of the Allis-Chalmers equipment that protects profit margins in plants throughout the world. And Mr. Kieckhefer is one of the thousands of executives who have found it pays to buy the equipment that pays for itself!

Get the whole story! There's an engineer, trained in solving production

problems, in the Allis-Chalmers District Office near you. Find out how he can put 90 years of engineering experience to work . . . to increase your profit margin with the equipment that pays for itself!



E. F. Kieckhefer checks specifications at his desk in the Milwaukee plant. **BELOW:** The elevator drum of a Kieckhefer installation with an Allis-Chalmers "LO-MAINTENANCE" motor.



PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS

MILWAUKEE • WISCONSIN



Another Goodrich "Belt" that Flexes Longer

A typical example of Goodrich development in rubber

IF GOODRICH means only transmission belting and hose to you, let this young lady remind you that Goodrich makes everything of rubber from thread to steel mill rolls, from paint to acid tanks, from street car springs to putty. There isn't a home or office, factory or farm, that couldn't be made more efficient and economical with Goodrich rubber.

The same engineers who developed a transmission belt which flexes five times longer have now developed a new rubber yarn for girdles which lasts longer, helps female America "keep in shape"... Latex is made into a special age-resisting, heat-resisting compound,

drawn into strands fine as a hair, and cured. Two strands of cotton thread are then wound around the rubber under tension. Result is a yarn so fine it takes 3 miles to make a pound, yet so strong it keeps its flexibility, good as new, long after other rubber yarns are as lifeless as an old garter.

Ideal for the more active, athletic women of today (whose activity wore out former rubber yarns), this latest Goodrich development is a typical example of the versatility of Goodrich engineers. Scarcely a week passes that they do not find a new improvement—to make rubber or synthetics last

longer, resist air or chemicals better, stand more impact and abrasion... All these improvements are applied at once to all Goodrich products they can benefit, so don't take it for granted that the belting, hose, tanks, packing you use are giving you the longest possible life—until you find out what improvements Goodrich has made in comparable products. Your Goodrich Distributor can tell you, or write The B. F. Goodrich Company, Mechanical Rubber Goods Division, Akron, Ohio.

Goodrich

ALL products *problems* IN RUBBER

INSIDE YOUR OWN PLANT— Rush Important Papers AIR MAIL*

Rush letters air mail to star salesmen out in the field, of course. But how about the other star men you've got in your plant. Let air mail* save their time, too.

Lamson Dispatch Tubes will whisk letters, telegrams, production orders, blueprints—even small tools—to any desk within a radius of a mile or more. They work by AIR—10 times faster than walking messengers. They're silent, easy to use. They never interrupt what you're doing. And they always say it "in writing."

Write for our free booklet, "Wings of Business," profusely illustrated with photographs of actual installations. Learn how Lamson Dispatch Tubes can serve any business—manufacturing, wholesaling, retailing or service—no matter what size—at amazingly low cost.

★ UP TO
ENGINEERING

★ OUT TO
PRODUCTION

★ DOWN TO
SHIPPING

★ ACROSS TO
EXPERIMENTAL



gives
INSTANT
VISIBILITY
OF ALL CONTENTS

* LAMSON Dispatch TUBES

"AIR MAIL" within your own plant!

FREE BOOK ON REQUEST

THE LAMSON COMPANY, Inc.
Syracuse, N. Y.

Without obligation, please send me
Free copy of "Wings of Business."

Name

Company

City.....State.....

THIS BUSINESS WEEK

WAR AND BUSINESS

ONE OF THE THINGS which have intensified the awfulness of the last two terrible weeks has been the rapidity with which events have been reported. Just as the world had never before seen such a marshalling of the forces of destruction, so it had never known a like marshalling of news-gathering and news-disseminating forces. Indeed, we have sat in the lap of history.

Playing their part in the reporting and interpreting of these supreme events, *Business Week's* editors have tailored this week's issue strictly to the special interests of you readers as business men. We leave to the newspapers and radio the actual flashing of peace or war. Our job is the reporting of the probable consequences of each for business.

Until Wednesday morning, the No. 1 question for executives was: "How will war affect U. S. business?" Answering that question, your editors called on the best of all authorities—experience. Researchers searched the record of 1914, charted for page 16 what happened to stocks and commodities. And with the chart is a story (beginning on page 15) pointing out the sharp differences—and what they mean—between 1914 and today. Finally, on page 51, is a War Check-List for Business Men—the sort of list every business man would make for his own guidance on "x" day.

With the calling of the four-power meeting beginning Thursday, the emphasis shifted again: "How great is the backlog of business improvement, now obscured, that could be released by an assured peace?" Answering that question is the job of the Business Outlook (page 13) and the background story of the conference on page 14.

FOR PEACE AT HOME

Business Week's first Report to Executives was devoted to the subject of public relations. Business men who read "Public Relations—First in the Order of Business" in our Jan. 23, 1937, issue,

BUSINESS WEEK (with which is combined The Magazine of Business) Oct. 1, 1938, No. 474. Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman. Publication office, 99-129 North Broadway, Albany, N. Y. Editorial and executive offices, 330 W. 42nd St., New York, N. Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; Mason Britton, Vice-Chairman; R. B. Putnam, Treasurer; D. C. McGraw, Secretary; A. W. Morrison, Circulation Manager. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; \$9c per copy. Entered as second class matter December 4, 1936, at Albany, N. Y., under 759. Printed in 1938 by McGraw-Hill Inc.

A McGRAW-HILL

PUBLICATION

or whose friends read it and told them about it, have since ordered 38,000 reprints and the orders are coming in even yet. *Business Week's* biggest Report to Executives is devoted to the same subject. "Public Relations for Industry," filling 16 "plus" pages of this issue, does three important jobs in Part I.—"Why A Public Relations Program;" Part II.—"New Trends in Public Relations;" and Part III.—"The Facts Behind Any Public Relations Program." We think they are among the most important jobs we have ever attempted. We'll soon be hearing what you think.

THE NEW CARS

AUTOMOBILE MANUFACTURERS aren't waiting for the annual New York show to introduce their new models. Following the lead of Plymouth and Buick, three other manufacturers—Studebaker, Hupmobile, and Packard—jumped the gun. And *Business Week* jumped with them, for its story from Detroit, headed "What's New in the New Cars" (page 18), summarizes precisely what has been done in the 1939 models—those that are still unannounced as well as those already unveiled—to improve safety, comfort, performance, and appearance.

WAGE-HOUR ADVICE

"WHEN IN DOUBT—COMPLY." That's the order of the day as the Labor Standards Division undertakes its all-important job of determining what industries are obviously affected by the wage-hour law, which are clearly exempt, and which must remain for the time being in the doubtful classification. Of course, as the report from Washington on page 20 makes clear, the "Wage-Hour Border" isn't going to be irrevocably set by Administrator Andrews and his men. The No Man's Land between interstate and intrastate commerce is still exclusively reserved for exploration and demarcation by the Supreme Court.

AFTER THE HURRICANE

TWO THOUSAND MILES from the hurricane belt, New England until last week knew about the horrors of a tropical storm only in the terms in which Joseph Conrad and Sam Goldwyn painted them. But now New England knows about them first hand, and this week Yankee-Land began a courageous job of reconstruction. Rhode Island needs materials for \$100,000,000 of home-building. Connecticut must reconstruct 150 bridges. Vermont will spend \$3,000,000 repairing its highways. It—"New England's Storm Market," figured at approximately \$300,000,000 worth of materials, equipment, and labor—is the business drama story of the week (page 47).



Insulated

JUST as the great high-tension towers are insulated from the surge of destructive voltages, so can Standard Accident protection *insulate* your person, home, possessions and business from the effects of catastrophe.

This sound 54-year-old Company protects against loss resulting from burglary; injuries to self, employees, or the public; workmen's compensation; automobile accident; plate-glass breakage; embezzlement; and similar misfortunes.

The insurance and bonding coverages of Standard of Detroit are available to you through any one of 9000 competent representatives. A nation-wide claim service assures prompt, just settlements.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Speed Nut System

Cuts Assembly Costs in Half



One SPEED NUT takes the place of both threaded nut and lock washer. Only half as many parts to handle. Holds forever tight under firm spring tension. Prevents vibration loosening. Absorbs expansion and contraction caused by temperature changes in sheet metal. Prevents checking and crazing of porcelain surfaces. The harder the pull or strain, the firmer the SPEED NUT grips. Applied with amazing speed and ease. When used on rivets and plastic studs, they are actually "zipped" on.

The SPEED NUT system cuts average net assembly costs 50%. SPEED NUTS are manufactured of spring steel, cold rolled steel, phosphor bronze and stainless steel. Made for most standard sizes of machine screws, metal screws, metal rivets and plastic studs. Over 250 special shapes and sizes also developed for mass production products. Write today for samples, mentioning sizes you want and where you expect to use them.

SPEED NUT DIVISION
TINNEMAN STOVE & RANGE CO.
Manufacturers of Patented SPEED NUTS
2047 EULON ROAD, CLEVELAND, OHIO

NEW BUSINESS

RESEARCH ON WATCHES

NEWEST INDUSTRIAL FELLOWSHIP to be established at Mellon Institute, Pittsburgh, will be sponsored by Elgin National Watch Co., Elgin, Ill. Proposed research program will cover broadly the chemical aspects of different technical problems in the watch industry, with watch lubrication scheduled as one of the first subjects of investigation.

BUSINESS SHOW

OCT. 3-8, Commerce Hall of the Port Authority Building, New York, will open wide its doors for the 35th annual National Business Show. Among the thousand or more pieces of business and industrial equipment to be exhibited in "America's Efficiency Exposition" will be a power-driven letter-opener handling 500 pieces a minute (last year's record was 300), an "air-conditioned" chair which also promises to help hold down executive waistlines, a new office communicating system which will permit executives of several departments to hold conferences without leaving their desks.

PUBLIC RELATIONS

THE BROAD FIELDS of "public and industrial relations" continue to lure advertising agencies. In San Francisco last week, McCann-Erickson announced that it will be geared to do a complete job therein, whether to publicize a client's position in a labor dispute or to promote a proposition on a ballot. C. E. Persons, vice-president in charge of the venture, is special adviser to the San Francisco Industrial Association as well as to the Association of San Francisco Distributors.

RCA FURNITURE POLISH

PRESENT TRENDS toward product diversification are brought into sharp focus by the decision of RCA Mfg. Co., Camden, N. J., to add its familiar Victor Dog trademark to a furniture polish which will be distributed through its regular wholesalers and dealers, plus other selected sales outlets. Formula of the polish is the same as used by the company in the finishing of its own radio and Victrola cabinets.

287,000-V. POWER LINE

NEW WORK for men and machines will be found in the new 287,000-v. electric transmission line which will bridge the 258-mile gap between Boulder Dam and Los Angeles, supplementing deliveries of energy from the Colorado River by 150,000 kw., a 50% increase. Cable contract calls for 6,420,000 lb. of Type HH hollow copper conductor, deliveries of which will begin Nov. 1, from the

Los Angeles plant of General Cable Corp. The hollow core cable, which has been used on high voltage jobs ranging from Pennsylvania Railroad's electrification to Seattle's Skagit hydro plant, is a spiralled tongue-and-groove copper "tube" with cross-section looking for all the world like that of a steel tongue-and-groove coffer dam. Power line should be ready for service in December, 1939.

WRINGER DEMONSTRATION

DEMONSTRATORS at the department store of Sibley, Lindsay & Curr Co., Rochester, N. Y., have adopted new means for proving that the wringers on washing machines will wring garments harmlessly. To show that the wringer will handle thick blankets, they put through a thick stick; a fairly heavy chain simulates jewelry and trinkets attached to a dress; a glass eye dropper goes through undamaged to prove that buttons can go and do likewise.

ROAD BUILDERS' ORCHIDS

EYES OF BUSINESS publication editors brightened when they read "Our Trade-Paper Friends," in *World Convention Dates*, wherein Robert E. Harper, director of public relations of the American Road Builders' Association, described in detail their cooperation in building up and reporting the 1938 Road Show.

CANNED NAVEL ORANGE JUICE

SUNKIST WILL SOON announce canned navel orange juice, made possible by the work of the California citrus co-op's research laboratories. Mechanical and chemical methods isolate and remove the bitter substance which has made the juice unpalatable when canned. The season for Valencia oranges, whose juice has long since been canned palatably, runs from May to December; navel production runs the other six months. The new process will permit canners to spread their orange juice pack over the entire year. Shortly Sunkist will also announce a new method of combining its pectin with starch to improve the "sparkle" of gum drops, to eliminate the need for "sanding" sugars, and to lengthen "shelf life."

50,000TH TURRET LATHE

CELEBRATING the completion of its 50,000th turret lathe, Warner & Swasey Co. gathered together distributors and customers for a one-day get-together and plant visitation in Cleveland, Sept. 28. Headliners at a dinner at Hotel Statler were Dr. J. J. Thomas, president of Chrysler Engineering Institute, and the 50,000th lathe itself.

WASHINGTON BULLETIN

WASHINGTON (*Business Week Bureau*)—It will take more than a four-power conference to hush the hum of discussion in Washington officialdom concerning the line of action that a war abroad will start in this country. Suggested proposals for Congress fall into two broad categories:

(1) Measures to support domestic economy disturbed by derangement of the normal functioning of trade at home and abroad.

(2) Measures anticipating the eventual involvement of the United States—and this is taken for granted in all quarters of the Administration. (In its coming battle with Congress, the whole weight of the Administration will be thrown against revision of the neutrality law to bind and gag Roosevelt.)

MORE GOVERNMENT CONTROL

ON THE ASSUMPTION that war over there would, temporarily at least, block exports, discussion points to setting up government machinery to purchase and hold agricultural products and support manufacturing industries more or less dependent on exports. Extension of two government corporations—the Federal Surplus Commodities Corp., and the Reconstruction Finance Corp.—is commonly regarded as the means to this end.

Thinking about possible war effects on the security and commodity markets and on the banking system, officials point out that the government has far more control over these than in the last war. The Administration would be disposed to let circumstances suggest where and how present controls should be supplemented.

MORE SHIPS NEEDED

THE MERCHANT MARINE would be enlarged at government expense and operated to an increasing degree for the government's account. More tonnage would be necessary to replace foreign vessels diverted to war service. Such merchant shipping would also act as auxiliary to the navy.

LOOKING SOUTH

THE ADMINISTRATION will immediately seek to solidify both its trade and its political influence in South America. Propagandizing the "neighbors" to counteract German and Italian influence will come more and more into the open.

Hull will push his reciprocal trade program on every foreign strand that looks lively. War would be Uncle Sam's

chance to cash in on markets that would be neglected by belligerent nations which normally offer stiff competition.

PREPAREDNESS PLANS

CONGRESS, EVEN WHILE CLAMORING for neutrality, will give the Administration all it wants for the army, navy, and aviation. This is "national defense" now but anticipates that the

Treasury O.K.'s Delano



Harris & Ewing

THE PRESIDENT'S selection of Preston Delano, above, as Comptroller of the Currency brought freely-expressed relief this week to Treasury officials—who had feared that the outspoken, independent J. F. T. O'Connor might be reappointed. Both in and out of New Deal circles, Delano, a distant relative of the President and capable governor of the Federal Home Loan Bank System, is regarded as a good choice. His leaning toward a unified banking system will put an end to friction among the Treasury, the Comptroller's office, and Federal Reserve officials over bank supervision.

United States will fight in Europe sooner or later.

When that happens the government will, of course, take over operation of the railroads and airlines and, to all practical intents and purposes, common carrier truck and bus lines, radio, and power. Here's a bit of prophecy: after the next war, the railroads will remain in the government's hands.

WAR PROFIT CURB?

IN CLEAR ANTICIPATION that war eventually will engulf this country agitation

for legislation nationalizing industry and limiting profits in wartime continues to brew. This will come to the front next session.

Bernard Baruch, chief of the War Industries Board under Wilson, still is preaching against war profits. The President gave him close attention at the White House last week but realists (in Washington "realism" is as common as a head cold these days) contend that taking the profits out of war takes away the incentive at the time when maximum production is necessary. They say the alternative would be regimentation comparable to Germany's.

CURB ON CURBING

THE "REALISTS" add that no very positive or drastic measures are likely to be taken until it is too late and that political reluctance to put a crimp in the prosperity that would flow from the conflict in Europe before the United States became involved would make it extremely difficult to put on an effective curb afterwards.

Those who have gone into the subject find nothing better than a stiff excess profits tax on corporations. This means high salaries, big bonuses, free spending for advertising and other things that, converted into personal incomes, can also be skimmed by heavy taxes.

WHAT PRICE NEUTRALITY?

CREDIT TO "DEMOCRATIC" NATIONS fighting another "war for democracy" would be the first practical question posed by a conflict that did not immediately involve this country. The question is whether the prohibition of the Johnson act and the neutrality act will go down. That they will eventually, in practice if not in law, is regarded as inevitable. Capital, labor, and agriculture will not long deny their own interest in making credit available for the purchase of American goods. Canada is the most convenient channel for supplying an embattled England and France.

Any war in Europe that strings out will break down the prohibition against government-to-government loans. This is the practical, if unacknowledged, object of present tentative moves for composing old war debts.

COMPROMISE PLAN

IN TACKLING REVISION of the neutrality act, which expires May 1, 1939, Congress will run into the old difficulty of trying to maintain both trade and neutrality. How much latitude

MODERNIZED HEATING PAYS FOR ITSELF IN LINDNER CO. STORE

**Webster Moderator System Gives
More Even and Satisfactory
Distribution of Heat**

CORRECTS HEATING TROUBLES

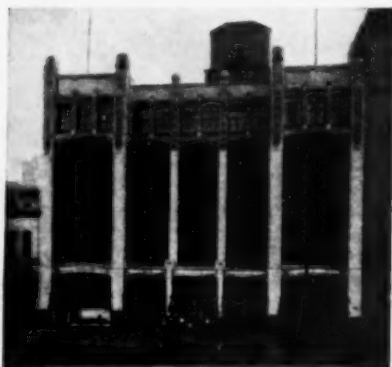
**Owners Save \$1,859.64 in First
Three Heating Seasons with
Webster System Equipment**

ENTIRE COST IS RECOVERED

Cleveland, O.—The Lindner Company, a well-known Cleveland department store, eliminated heating annoyances and slashed heating costs as the result of a Webster Heating Modernization Program carried out in 1933.

Simon Olson, Vice-President of the Lindner Company, says:

"We installed the Webster Moderator System after a very thorough investigation as to the possibility of reducing our cost of heating and improving our heating service. After nearly five heating seasons, we have found this system to be highly satisfactory. It has not only paid for itself in five heating seasons, but has also produced more even and satisfactory heating."



The Lindner Company, Cleveland, Ohio

In less than three complete heating seasons, the reduction in steam consumption had a cash value of \$1,859.64.

Trouble formerly experienced in heating the first floor around the entrances and the tea room and beauty parlor on the fourth floor has been eliminated.

J. F. Walsh, of Cleveland, acted as modernization heating contractor. There is a total of 6,770 sq. ft. of installed direct radiation.

These before-and-after facts point the way to maximum comfort and economy in heating new buildings as well as in modernization of existing installations. Consult your architect, engineer or heating contractor. Or address

1938 WARREN WEBSTER & CO., CAMDEN, N. J. 1938
Pioneers of Modern Steam Heating
50 YEARS OF HEATING PROGRESS
Representatives in 60 principal U. S. Cities

Congress, in the present swingback to political isolation, will give Roosevelt is unpredictable but the cash-and-carry provision of the present law, now in very loose form, probably will be better defined.

This admittedly favors England and France but represents a compromise with those who would cut off trade with belligerents completely. As *Business Week* remarked when the present law was pushed through in May, 1937, it can be scrapped whenever our trade or our feelings are hurt.

CEMENT SCHEME OUT

THE GOVERNMENT has quietly abandoned its much-heralded centralized cement purchasing program; henceforth construction agencies again will be allowed to do their own buying. The plan was a complete failure except in the Far West, where Washington feels it has been successful in inducing real price competition. Due credit for this accomplishment is given by the construction agencies but they are glad to get the strings back into their own hands.

"INCENTIVE" TAXES

"INCENTIVE" TAX EXEMPTION (making tax allowances for business expenditures to increase productivity and employment) will meet trouble among the Treasury experts. Suggested by John W. Hanes, the Assistant Secretary of the Treasury, it is further evidence of his sympathetic attitude toward business and of his desire to stimulate industry and employment. Sen. Herring's committee also is promoting the idea. Treasury experts discreetly promise to study the proposal but their first conclusions are known in advance to those who have followed taxation through the year.

The experts will start by finding that there will be loss of revenue without a compensating effect on industry. They will say that technical difficulties are many—that there would be no way to determine how many employees were added because of increased capital expenditures. They will find that there is no formula by which to measure tax exemption for productive purposes. Some insiders also insist that the President will oppose the scheme when it comes to his attention.

SUPREME COURT CASES

MAJOR ISSUES before the Supreme Court, convening Monday, are:

Constitutionality of the basic TVA program, on appeal from the lower court's decision sustaining its validity.

Status of the long-pending child labor amendment. Opponents claim the statute of limitations has become effective since Congress submitted amendment to the states in 1924, that at one

time or another one-fourth of the states have affirmatively rejected it.

The National Labor Relations Board's jurisdiction over local, intra-state utilities, challenged by Consolidated Edison Co. of New York.

Test of the constitutionality of the 1938 Agricultural Adjustment Act is expected to reach the court in a few weeks. Various phases of the wage-hour law won't be far behind. In writing this law, Congress deliberately left it to the courts to determine its application in borderline cases, as an alternative to vesting authority in the administrative agency.

BAND WAGONS ROLL

GARNER'S PRESIDENTIAL BOOM is marching on, with the powerful Texas and Oklahoma delegations already hogtied for Cactus Jack. Hull's friends are active but are sure of only Tennessee so far. Present indications are that, from Maryland to Texas, the New Deal-controlled delegates will be few and far between.

In Ohio, where Farley never had much luck getting Roosevelt delegates, they are likely to go to Vic Donahey, three times governor and now Senator, with Sen. Bulkley not likely to stand in his way. In Indiana they will be solidly for McNutt.

Altogether it looks like the Corcorans and Cohens better get busy if they hope for a convention which will continue their lease of power.

BIGGER CANAL

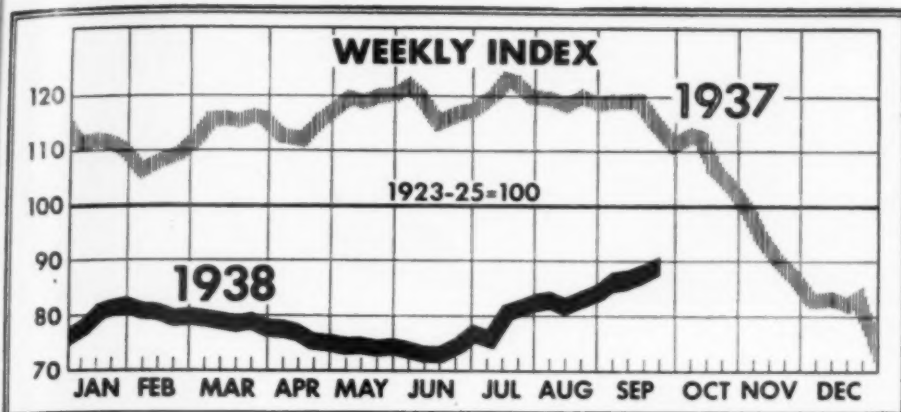
ARMY ENGINEERS are tackling the job of increasing the capacity of the Panama Canal. Exploratory drilling has begun to determine the best location for additional locks. The war threat hasn't figured in the plans to spread new construction over 10 years, in line with probable needs and a long-range view of national defense. It is estimated that the canal's present capacity will be sufficient to meet traffic needs until the 1950-60 decade.

SURVEY GONE WRONG

WHAT DO YOU DO when a member of your family has a stomach ache? Questions like this have put the kibosh on WPA's marketing survey. Ostensibly intended to appraise the effect on distribution of resale price maintenance, anti-price discrimination and similar laws, drug and grocery organizations which have championed such legislation sought to turn the survey into a study of the buying habits of consumers and retailers, with new mailing lists as a profitable byproduct.

Harry Hopkins put his foot down when he got wind of this finagling. Compilation and analysis of the maze of state marketing laws and regulations now on the books is going ahead.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

(New series, see BW—Sep 17 '38, 35)

Latest Week	90.6
Preceding Week	89.4
Month Ago	85.8
Year Ago	113.0
Average 1933-37	90.3

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
*Steel Ingot Operation (% of capacity)	46.7	47.3	44.0	74.4	52.0
*Automobile Production (Ward's Reports)	20,300	16,100	18,700	29,030	30,591
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands)	\$3,722	\$3,740	\$3,417	\$2,709	\$1,950
*Engineering Construction Awards (Eng. News-Rec. 4-wk. daily av. in thousands)	\$10,326	\$10,456	\$9,627	\$7,343	\$6,100
*Electric Power (million kw.-hr.)	2,147	2,215	2,134	2,266	1,909
Bituminous Coal (daily average, 1,000 tons)	1,235	11,296	1,045	1,529	1,346

TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	70	70	64	84	75
*All Other Carloadings (daily average, 1,000 cars)	40	38	35	53	46
*Check Payments (outside N. Y. City, millions)	\$4,263	\$3,642	\$3,378	\$4,744	\$3,831
Money in Circulation (Wednesday series, millions)	\$6,552	\$6,550	\$6,470	\$6,529	\$5,826

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Wheat (No. 2, hard winter, Kansas City, bu.)	\$0.66	\$0.65	\$0.65	\$1.09	\$1.10
Cotton (middling, New York, lb.)	8.25¢	8.16¢	8.39¢	8.61¢	10.94¢
Iron and Steel (Steel, composite, ton)	\$36.44	\$36.50	\$36.50	\$39.98	\$33.89
Copper (electrolytic, Connecticut Valley basis, lb.)	10.375¢	10.313¢	10.125¢	13.271¢	10.004¢
Moody's Spot Commodity Price Index (Dec. 31, 1931=100)	143.8	144.0	143.3	188.5	165.8

FINANCE

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Bond Yields (Standard Statistics, average 45 bonds)	6.09%	5.95%	5.81%	4.83%	4.83%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	.80%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate)	7/8-3/4%	.75%	.75%	1.00%	.93%
Business Failures (Dun and Bradstreet, number)	193	232	230	159	180

BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
Total Federal Reserve Credit Outstanding (Wednesday series)	2,596	2,596	2,579	2,578	2,475
Excess Reserves, all member banks (Wednesday series)	2,740	3,130	2,975	1,020	1,540
Total Loans and Investments, reporting member banks	21,265	20,964	20,713	22,046	20,308
Commercial and Agricultural Loans, reporting member banks	3,889	3,905	3,890	4,778	8
Security Loans, reporting member banks	1,236	11,302	1,216	1,950	8
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	9,803	9,464	9,377	9,066	8
Other Securities Held, reporting member banks	3,208	3,165	3,110	2,970	8

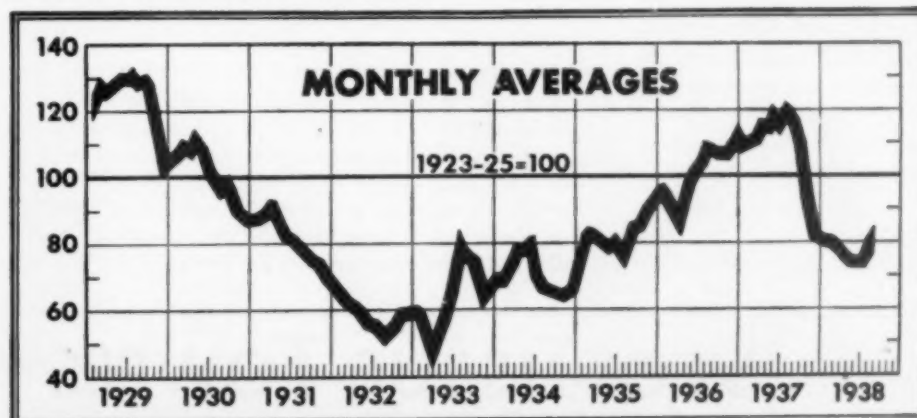
* Factor in Business Week Index. * Preliminary, Week Ended Sept. 24.

† Revised.

‡ Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

The Weekly Index of Business Activity is covered by the general copyright on the contents of Business Week and may not be reproduced without special permission.





Has helped us greatly in building good will.

By providing clean, adequate washrooms for all, we have taken a real step toward humanizing our industrial-relations program!

PRESIDENT



Less time lost through illness . . . reduced congestion.

Well-arranged washrooms with plenty of hot water, soap and individual, sanitary ScotTissue Towels mean less illness and less time wasted.

GENERAL MANAGER

OFFICE MEMO
SUBJECT: *Washroom Modernization*

**THERE'S BEEN A MARKED
DIFFERENCE SINCE WE
TOOK OUR WASHROOMS
OFF THE**

"Double Standard"



Cut washroom expenses—reduced towel costs.

We've tested about every kind of towel service and find none compares with Scot-Tissue Towels. One really dries dry. That's why they go farther . . . cost less per year.

**PURCHASING
AGENT**

DO you realize how many important phases of your business are directly affected by the condition of your washrooms?

No other one place in your plant or office so strongly represents your attitude toward employees. *Adequately equipped* washrooms promote good will, increase comfort. *Sanitary* washrooms protect health and reduce time lost through illness. *Scientific arrangement* increases efficiency, reduces overhead, by eliminating waste and congestion.

Today's "good-will" washroom contains enough toilets and wash basins to handle rush-hour traffic, plenty of hot water, soap and *individual* ScotTissue Towels. "Soft-Weve" s-t-r-e-t-c-h-y ScotTissue Towels are specially processed to make them cloth-like, absorbent. That's why leading industrial firms find they go farther, cost less per year.

Scott Washroom Advisory Service

Executives who wish to improve washroom conditions in their plants or offices will be interested in the Scott Washroom Advisory Service. At your request a Scott Washroom Engineer will make a scientific survey of your washroom facilities without obligation to you. He will suggest how your washrooms can be economically and efficiently arranged to relieve congestion . . . reduce waste and overhead expense . . . and create good will among your employees. Scott Paper Company, Chester, Pa.



SCOTTISSUE TOWELS

Reg. U. S. Pat. Off. and Foreign Countries

BY THE MAKERS OF SCOTTISSUE, WALDORF AND SCOTTOWELS FOR HOMES

BUSINESS WEEK

OCTOBER 1, 1938

THE BUSINESS OUTLOOK

Business spends week of drifting with ebb and flow of peace hopes as forward planning is held up by crisis. Rallies have shown strength of domestic factors, notably construction.

DURING WHAT HAS BEEN WITHOUT DOUBT the world's most exciting week since 1918, while millions have been mobilizing for war and a handful of statesmen have been working frantically against a grim Oct. 1 deadline, there has been little chance of purely domestic considerations gaining the attention of American business men or any one else. The financial markets moved altogether in accordance with the ebb and flow of peace hopes, and industrial production continued mechanically, with plans and commitments for the future mostly laid aside for the duration of the crisis.

Markets' "Peace Rally"

The rally in the stock market on the announcement that Hitler had called a four-power conference to meet in Munich Thursday proved again that finance and business are as much interested in peace as any other groups in the population. The immediate response was based on the feeling that from this conference and later discussions some settlement would take form which would avert the threat of gen-

eral war. That this prediction might easily be belied by developments later in the week went without saying.

War Speculation

Unless and until war actually commences, a careful forecast of its effects

overwhelming pro-Ally trend of public opinion.

Trade Under Truce

Talk of peace possibilities this week has turned on two kinds of peace. One is a continued armed truce. If Germany achieved a great success by driving the rest of the world to the very verge of war and thus extorting all possible concessions, the consequence would be to give Great Britain and France the iron determination to complete rearmament without delay. One result in the United States might be a great expansion in the airplane industry, and, centering around it, an increased rate of activity in the various other industries associated with preparation for war. On the other hand, in such an armed truce normal international trade would be operating under continual difficulties, and it is not unlikely that the decline here would more than offset the growth from arms exports.

The Big Chance

Another kind of peace, undoubtedly the kind that has been desired by

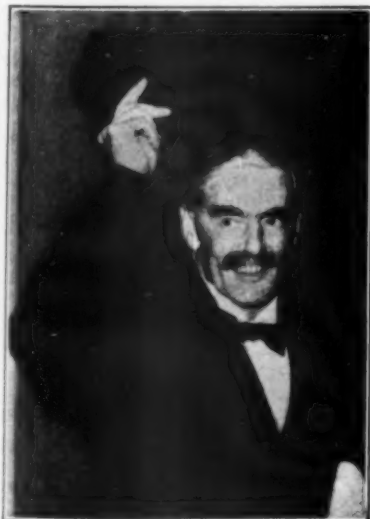
Men in the Outlook



Hitler, Mussolini

European

on the United States will not be made part of the Business Outlook. As was indicated two weeks ago, the immediate effect is likely to be depressing, just as it was in 1914. Probably the later effect would be another strong stimulus to the whole economy, operating through war purchases by the Western Powers armed with billions of dollars in purchasing power in the shape of gold at home and investments in the United States. Export of arms would be forbidden by the Neutrality Act, but there is no reason to think the President would exercise his optional power to restrict by cash-and-carry regulations the export of other materials or of foodstuffs, in view of the



Chamberlain

A. C. C.



Daladier

International

Prime Minister Chamberlain, is a thoroughgoing settlement of outstanding problems among the four great Western European powers which would make possible a halting of the arms race and even a reduction of armaments. It would involve, to be sure, great concessions by England and France. In that eventuality, one could expect that the gains to normal world trade would more than offset, in their impact on American business, the let-down in armaments. European refugee capital would flow back from the United States, but our banking system could easily stand the loss, and the effect on our economy of the resulting improvement in European conditions would be wholly beneficial.

Continuing Crisis

In any event, it was widely recognized this week that there are too many outstanding issues in Central Europe to expect the crisis to quiet down at once, even if the broad issue of immediate peace or war was decided favorably. During the continuance of crisis conditions one may expect a definitely dampening influence on the immediate business outlook in the United States. The making of forward plans and commitments is not favored by such conditions, and the indexes of production cannot move ahead unless plans and commitments are made.

Index Advances

As far as last week's Business Index goes, its advance by another point is all the more remarkable, since industry has had to face not only the war crisis but interruptions from the hurricane in New England. The ill effects from these quarters were evidently more than overcome by the further advance in steel and the pickup in automobile production after two weeks of decline, mainly caused by strikes. Steel operations this week, however, dropped a half point.

Building Makes Bright Spot

There is one basic industry in which the omens continue strongly favorable, and which therefore deserves mention in this period of general gloom. This is building. The latest figures on "contemplated construction," compiled by the F. W. Dodge Corp., are particularly interesting. This series ran about even with 1937 during the first months of 1938. In the second four months it spurted to a point more than twice as high as the year before. The August figures are somewhat less than twice as high, but the twelve-month moving total, which gives the best clue to future actual construction resulting from contemplated construction (two-thirds of which is actually built, as a rule), reached a new peak.

The Showdown

Behind the Powers' Sudeten problem are bigger issues that must be settled, by agreement or by force, if business is to plan ahead with confidence.

IT WAS TO WRITE OFF the final humiliating clauses of the Versailles Treaty that victors and vanquished in the last war met at Munich this week in a last effort to avert a new one.

The apparent issue was the Sudeten minority problem, but to the two groups represented at the conference much more far-reaching fundamentals were at stake.

To Germany, Czechoslovakia is one of the bitterest results of the old peace treaties. The negotiators at Versailles admitted that Czechoslovakia was to be the keystone in a network of nations in Central Europe which were to prevent Germany from ever again carrying out its old dream of a *Drang nach Osten*, and thus becoming the dominant power in continental Europe.

Today, Czechoslovakia—with its French-sponsored Skoda armaments industry supplying these French satellite nations, and with its treaty ties with Western Europe frankly aimed at the Reich—epitomizes to Nazi Germany all that remains of the humiliation of Versailles and between them and full equality with the other great nations of Europe.

To the Germans, this is the issue behind the Sudeten question.

Crucial Questions Raised

Actually, far broader issues motivated the meeting at Munich, issues that are of first importance to every great nation. If a legal framework inside which politics and business have functioned for 20 years was to be abandoned, what was going to take its place?

What, for example, was going to happen to the other national minorities in Europe?

What was going to happen to dwarfed Czechoslovakia? Was it going to be left to shift for itself, particularly at a time when local hatred has deliberately been developed to fever pitch? Or were the four powers willing to guarantee that it had the opportunity to live a normal economic life?

What is going to be done in Spain? Mussolini declared that Italian troops would be withdrawn from Spain. Is London to believe that this last obstacle to putting the Anglo-Italian accord into effect is to be removed within some stated time? Can the remaining problems in the Mediterranean then be settled?

Is Germany, in any such broad discussion of world problems, going to raise the question of a return of its former

colonies? Hitler has said repeatedly that he has no interest in them; that expansion nearer home is more desirable. Britain, on the other hand, may insist that the issue be raised, for British capital will be reluctant to invest in the territories now under British control if their fate is not conclusively settled now.

What of Reich's Push to East?

Bigger than most of these issues is the one which worries France particularly, but probably disturbs even Mussolini, and certainly Moscow. What of Germany's dream of a new *Drang nach Osten*? Hitler espoused the old dream in *Mein Kampf*. To yield to Germany on the Sudeten issue is to remove the last serious obstacle to German penetration of southeastern Europe. Will Germany content itself with economic penetration of this region, or will the agitation-then-forceful-settlement policy of the last five years make southeastern Europe, against its will, a physical part of the Reich? Since in speeches and in writing Hitler has openly admitted German determination to reach into the Ukraine for its food supplies, will Soviet officials participate in the discussion of these issues?

Finally, if these problems can be solved, what are London and Paris, and other world money capitals, prepared to do to help Germany and Italy get on their feet again financially? Commercial exploitation of Ethiopia is reported to have come virtually to a standstill in the last four months because Rome has run out of funds. Berlin has successfully financed a huge rearmament program, but has about reached the limit of its internal resources. Both dictators would probably make considerable concessions to Great Britain in return for financial aid.

Re-ordering of Relations Needed

These were the real issues behind the Four Power conference. If Czechoslovakia was to be sacrificed, something must take the place of the system of which it had been the keystone. Peace was possible only if the governments were prepared to acknowledge these broad issues, to make important concessions on both sides, and to stick to the problems until some solution could be found. Short of this, it was evident from the beginning that, at best, nothing more could be achieved than the temporary postponement of a fatal day.

Business in the War Crisis

Precedents of 1914 called up to answer questions confronting executives in 1938. Sharp differences are seen between conditions then and now.

THE MARCH OF EVENTS in Europe had this week forced business men everywhere to consider how a major European war—now or later—would affect them and to look back to 1914 for clues to the problems bound to arise. War questions were being asked at every business gathering. What happened on the stock market in '14? Did the price of cotton rise with wheat prices? Exactly how does our neutrality alter export prospects? Has Europe enough cash to make extensive war purchases here? Will a war now be as profitable to American business as the last one?

As World War Loomed—

Instead of an emotional radio barrage raising war fears to fever pitch, business at the time of the Sarajevo murder in late June, 1914, found headlines featuring our dispute with Mexico, rail rates, unemployment relief, the minor business depression which had developed during the first half of 1914, and the crisis in England's Irish relations. The Kaiser vacationed during July along the Norwegian fjords, and following the celebration of Bastille Day on July 14, French executives poured out of Paris for the summer holidays.

In Wall Street, it was not until the last week in July (Germany sent its ultimatum to France and Russia on July 31) that a European war was mentioned as a possible financial influence.

The New York Stock Exchange is un-

disputedly No. 1 securities market today, but in 1914 London was the world's financial capital. The United States was a second-rate nation financially. Much of its industry was still financed from Europe. As recently as 1910, New York City had turned to London and Paris for a loan of \$80,000,000.

War Shut Exchange for a While

The London Stock Exchange closed—for the first time in its history—on July 31, 1914, along with all of the other major European markets. In New York, the governors of the Exchange debated several hours, and finally decided that they would be forced to close down, too, to forestall the flood of sales from all over the world. In the last week that the Exchange was open, prices had slumped an average of 11%.

Despite the vigorous protests of bankers and Exchange members, a "gutter market" developed in Wall Street almost at once. By October, one enterprising trader began publishing type-written sheets of closing prices. For most of the leaders they were only 2% to 5% lower than on July 30, and by Dec. 12, the Exchange reopened for restricted trading, reassured by the remarkable stability on the gutter market. By April, 1915, all restrictions were removed, and by May Wall Street had run into a real bull market.

Today's Exchange problems vary greatly from 1914. Turnover is far greater, and the proportion of trading

by foreigners who might wish to liquidate in a hurry is much smaller. Against a 10% margin requirement in 1914, a 40% cover is now required. There has been no question but that the Exchange now is in a much stronger position to remain open, or to reopen sooner when crisis adjustments have been made.

When Europe suspended gold payments in July, 1914, sentiment for a similar move developed in New York, influential bankers claiming it would be necessary for self-protection. Jacob H. Schiff was one of the leaders of an opposition group which fought vigorously to maintain gold payments for the sake of this country's future international prestige. This group finally won over the banking community to its plan and by September, 1914, provision had been made to meet in gold all of this country's immediately maturing foreign obligations. By the end of the year, Europe was convinced that the United States would default on no debt payments, and the emergency gold fund which had been subscribed by the banks was dissolved. The United States, in the last five months of 1914, established itself as a financial market able to cope with a major emergency.

U. S. Has Far More Gold Now

In contrast with today when the country possesses \$13,500,000,000 of gold, or nearly 55% of the world's supply, in 1914 we held only \$1,900,000,000, part of which was circulating as coins.

The weakness of our banking and currency system at the beginning of the war (the Federal Reserve Act had passed in 1913, but the reserve banks did not open until Nov. 16, 1914) helps to account for the sharp foreign exchange fluctuations in 1914. In the wild scramble to call in American bank balances



Underwood & Underwood



International



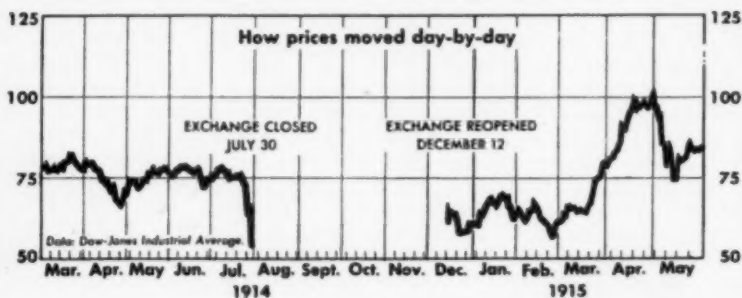
Wide World

SHADES OF '17-'18—Left, Bernard M. Baruch, trusted confidant of Woodrow Wilson and chairman of the War Industries Board in 1918, calls this week on another President;

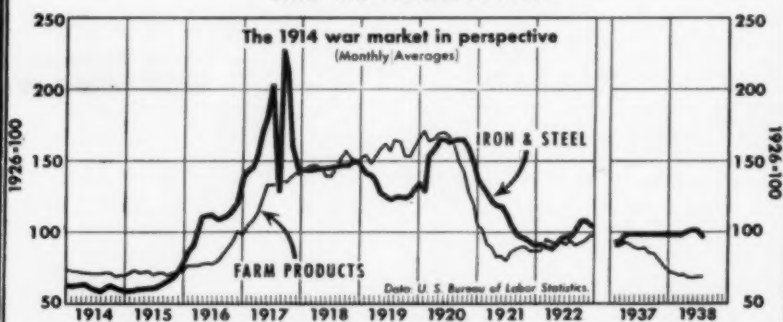
center, lights burn through the night at the War Department; right, America's ambassador to London (Joseph P. Kennedy, this time) is again the foreign diplomat most welcome at 10 Downing.

When War Started In 1914

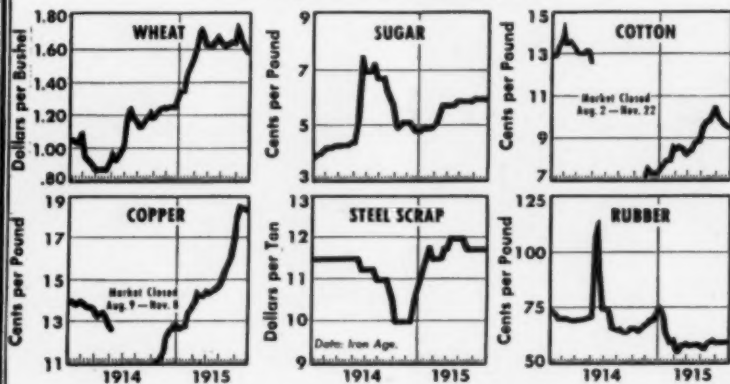
HERE'S WHAT HAPPENED TO STOCK PRICES



— AND TO COMMODITIES



How prices moved week-by-week



© BUSINESS WEEK

BOTH THE LONG AND THE SHORT VIEW distinctly indicate that war markets lack specific rhyme or reason. In 1914, commodity and security prices moved irregularly like jitterbugs; and this week, when news of the Four-Power Conference was received, common stocks leaped upward, foodstuffs slumped, and industrial raw materials advanced.

and short-term funds at the beginning of the war, Europe bid the pound up to \$7. As soon as the United States showed that it intended to meet all its obligations, the rate dropped. By September, it was back to \$4.95, and by November to \$4.86. In the present crisis, the United States has, from the time war tensions became acute, attracted foreign capital, and the pound and other leading currencies are well below their accepted parities.

War Sent Wheat Soaring

American farmers had a tremendous stake in the first world war from its beginning. Wheat, cotton, and lard were the backbone of our agricultural exports, which in turn dominated our foreign trade.

Wheat was selling at 85¢ a bushel in Chicago on Aug. 3, 1914. By January 1915, the price had soared to \$1.31, and by February to \$1.67. Furthermore, by October the British navy had cleared the northern channels across the Atlantic and huge shipments began to flow to Europe. Up to June, 1914, wheat exports in the fiscal year had run to 92,300,000 bu. During the comparable period ending in June, 1915, exports amounted to 259,600,000 bu. The wheat farmer was already in the war boom.

The cotton farmer had no such luck during the early part of the last war. Six out of every 10 bales of cotton raised in the South were sold for export. Germany was our biggest customer. In 1913, German consumers bought 2,561,000 bales of our crop. England, France, Belgium, and Russia took another 50% of our crop.

How Cotton Fared Then

Where foreign shipments during August, 1913 had totalled more than 257,000 bales, in 1914 they dropped to 21,219. It looked as though Germany was shut out by the blockade, and the other countries were working on the basis that cotton was one of the things they could get along without, at least until other more pressing food and munitions supplies were stocked. When not a bale was shipped to the belligerent nations during September, there was genuine distress in the South, and before long, "Buy a bale of cotton" became a popular slogan from New York to San Francisco. From \$62.50 in July, the price dropped to \$36.25 in December, 1914. But in the spring of 1915, domestic consumption of raw cotton to meet increased foreign demand for finished goods, and a resumption of sales abroad began to clear up the situation. A year after the war started, prices had recovered. It was not until 1916 that cotton consumption in the explosives industry became important. Where, in 1914, farm prices fluctuated

entirely o
in 1938 t
pegging a
a new sel
taken int
and the
program

World

Copper
suffered
that of
production
2,782,000
1912, slu
1913 and
months a
steel pro
tons. It
first imp
industry
Foundry
States 8
order rec
steel pro
In May,
came to
\$100,000
By Dece
tion had
month,
3,500,000
reached
though it
relief wa
ters as l
When
Europe s
nearly h
more thr
sell abro
only a l
our imp
only a l

HERE
1938
into its
Designe
speciali
Milwau

entirely on a supply and demand basis, in 1938 the AAA program, with price pegging and crop restriction, introduces a new set of conditions which must be taken into account by both farmers and the authorities who lay out the program.

World War Helped Steel

Copper and steel demand and prices suffered a trend somewhat similar to that of the farm commodities. Steel production, after touching a high of 2,782,000 tons a month in December, 1912, slumped with other business in 1913 and 1914. In December, 1914, five months after war had started in Europe, steel production was barely 1,500,000 tons. It was in March, 1915 that the first important war orders came to the industry when the Canadian Car & Foundry Co. farmed out in the United States \$23,000,000 of an \$83,000,000 order received from Russia. In April, steel production rose to 2,000,000 tons. In May, the first huge British orders came to this country in the form of a \$100,000,000 shell order for Bethlehem. By December, 1915, our steel production had risen to 3,000,000 tons a month, and eight months later to 3,500,000. The war prosperity had reached industry as well as the farmer, though it is notable that unemployment relief was a problem in industrial centers as late as July, 1915.

When the war broke out in 1914, Europe supplied the United States with nearly half of its imports, and bought more than two-thirds of all we had to sell abroad. By 1916, we were buying only a little more than one-quarter of our imports from Europe, and in 1919 only a little more than 10% of them.

On the other hand, the enormous demand for our manufactured goods in South American and Far Eastern markets, which had previously been supplied from Europe, boosted our sales to South America from \$146,000,000 in 1913, to \$180,000,000 in 1916, and to a high of \$624,000,000 in 1920.

There was no neutrality legislation in 1914 to restrict in any way the flow of our exports. Neither was there a Johnson act to prevent sales on credit or loans to warring nations to pay for the goods they were buying from us. It was the World War which created the demand for both of these laws. But today, it is estimated that France and Britain, with the backing of more than \$6,000,000,000 of gold, and with their nationals holding substantial quantities of American securities, could probably finance enormous cash war purchases in this market for at least two years if they choose to. This is the possibility, more than anything else, which tempts speculation on war business in terms of 1914.

"Monopoly" Quiz

Questionnaire for anti-trust inquiry seeks data from 2,300 national trade associations.

PREPARATIONS for the government's monopoly inquiry steamed along last week-end, when the Bureau of Foreign & Domestic Commerce of the Dept. of Commerce sent out questionnaires to some 2,300-odd national and interstate trade associations—the replies to provide the basis for a report which will be turned over to the National Eco-

nomic Committee as evidence in its monopoly investigation.

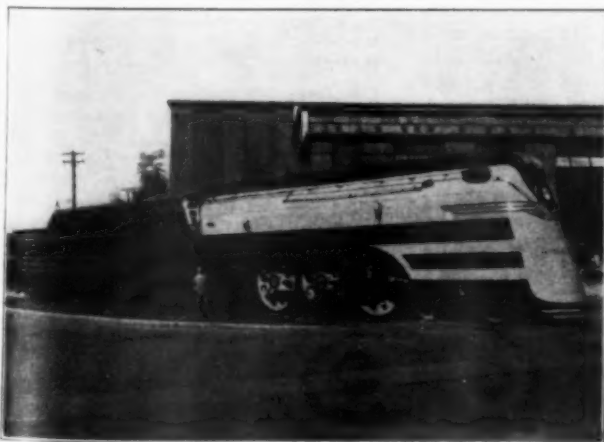
Specific questions in this questionnaire were largely collected from government branches and agencies interested in trade relations, but a number of suggestions came from trade association executives themselves.

Wide Range of Data Asked

The questionnaire is divided up into six parts, covering the management and affiliations of each association, officers and composition of membership, activities, personnel and the number of outside organizations employed to handle special duties, financial data—income and balance sheets as well as details on dues and assessments, and a final section which requests general information about the association, including its legal experience, pertaining to anti-trust laws, since 1920. There are also a number of questions which give each trade association executive an opportunity to record the past contributions of his association to his industry, and those which he expects the association to make in the future.

The questionnaire, which asks complete and detailed information all down the line, is obviously built to get evidence on just how nearly each association represents its trade as a whole and on who are its dominant figures. Since the questionnaire has already been tried out on a number of guinea pigs, the Bureau of Foreign & Domestic Commerce says it's easy to fill out, and therefore expects a quick return on its 2,300 letters. State and local trade associations were not sent any questionnaires unless they had an interstate or a national influence.

Milwaukee Road Puts New Hiawatha Into Operation



HERE'S THE NEWEST of America's streamlined trains—the 1939 Hiawatha, which The Milwaukee Road recently put into its seven-hour service between Chicago and Minneapolis. Designed by Otto Kuhler, New York industrial designer who specializes on transportation, the train proper was built in The Milwaukee Road's own shops, the engine in the shops of

American Locomotive Works. Because the Milwaukee has featured the front end of previous Hiawathas in its advertising, Designer Kuhler continued the established style in the locomotive. The unusual treatment of the observation car (shown at the right, above) both strengthens the car and shades riders' eyes from the sun.

More Streamlining, More Sunshine—That's the 1939 Trend



Hupmobile six with body built from former Cord dies.



A new Buick with sliding "sunshine" roof.

What's New in the New Cars

Changes on 1939 models, affecting automobile sales strategy and important to all who supply the industry, are now being revealed.

WITH Studebaker, Hupmobile, and Packard having followed Plymouth and Buick in announcing 1939 models during the past week, and with several more scheduled to follow the first week in October, not much suspense is left for the drama of the automobile industry's big show in New York the week of Nov. 11.

Unusual this year is the policy, adopted by so many producers, of announcing cars before dealers are adequately stocked. Prime reason given is shortage of new cars—the idea being that dealers at least can go out and try to drum up business for November and December in advance of receipt of new cars.

That this is the case with one or two manufacturers is undoubtedly true. Others are announcing at this time primarily to keep competition from stealing too much of a march.

Ford Speeds Work

So far of course only one of the big three is "out." Chevrolet and Ford are still under cover, but the Chevrolet announcement date is rumored as having been moved ahead. Ford doesn't exhibit at the National Show anyway, but is also speeding up efforts to get assembly lines rolling.

Making a strong bid for a comeback, Hupmobile announced this week its readiness to go into production on one of two relatively low-priced lines of automobiles. Built around the Cord front drive body dies purchased recently by a group headed by Norman Devaux, the new Hupmobile six revealed to dealers and editors this week is to be

followed by a four-cylinder car of the same styling but with slightly shorter wheelbase.

Hupp's four would be the second four-cylinder car introduced in recent years, the other being the Willys four. Other manufacturers have long since abandoned this field—the last to pass out being Ford with the introduction of the V-8. Since that time numerous producers have cast their eyes at the potentialities for lower prices inherent in a four-cylinder car but have been held off largely by the problem of competition such cars would offer to the disposal of used cars.

Since neither Hupmobile nor Willys had any established dealer organization to protect, the companies could afford to tackle the problem. In contrast with the Willys, however, the Hupmobile is to be a full-sized car and probably will be priced above the Ford and Chevrolet basic models. Appeal here will be almost entirely on an appearance basis—the new Hupmobile four and six being probably the most distinctive cars which are offered, in spite of the fact that the Cord dies are now already several years old.

More Safety Glass Used

With more automobiles introduced, some further design trends have also become clearer. Notable is the considerable increase in the use of safety glass which is to be found on the 1939 models—due mainly to a desire to increase visibility. Windshields in some cars average as much as 25% to 30% larger glass area, for instance.

Other items which show a poundage

increase for the industry are plastics—both of the decorative and mechanical type—and stainless steel. One item which has declined sharply in use is "deadener" material formerly applied under fenders and cars to reduce noise of gravel on sheet metal and protect fenders and bodies against corrosion and general deterioration. Most manufacturers have abandoned its use or cut down on the amount since it is believed that its presence does not add to car saleability.

Outstanding Changes in Cars

Other interesting developments in the 1939 crop might be classified under the following headings:

Safety:

Right and left turn indicators on one line, controlled by a switch on the steering column.

Plymouth's speed-zone system of colored light on the speedometer dial.

General improvement in construction of door-latches to prevent accidental opening.

Moving of hood latches to the inside of the body on one line of cars, to prevent theft.

Comfort:

A leaning toward the European idea of "sunshine" roofs which can be slid back for ventilation and sunlight—found on at least one line. Dark glass above the windshield for better visibility of traffic lights on a least one body model of a higher-priced line.

Use of soft sponge rubber instead of cotton padding for seats, on at least two lines of cars. (A Goodyear development.)

Better steering geometry for easier handling on most cars.

Performance:

General adoption of overdrives on most cars. The new design provides the car with what is tantamount to five forward speeds, since the overdrive will work as well in second as in high. These overdrives are being set to cut-in at around 25 to 35 miles an hour as against 35 to

RAILWAY EXPRESS AGENCY

Bought the **FIRST** Cab-over-Engine

INTERNATIONAL

They NOW own 290



WHEN you ship by express you get fast service because Railway Express Agency knows the hauling business. They bought the first Cab-Over-Engine International ever built. And now they own 290 of these trucks in their fleet of *more than 600 Internationals*.

Indisputable *proof* of the highly dependable service and low maintenance cost of International Trucks is found in the simple fact that Railway Express has added 400 *new Internationals* to their fleet this year!

Two famous symbols of speed and service ride on these great trucks—the well-known Diamond of Railway Express and the Triple Diamond of International Harvester. Wherever these trucks go

the nationwide network of the world's largest company-owned truck service organization is always at the service of Railway Express. And at the service of every International owner!

It will pay you to apply the experience of Railway Express to the hauling problems in your business. Your hauling may be the same kind as that of Railway Express. Or it may be very different. But you can bank on this: *Internationals will do the same kind of profitable hauling for you.*

Get a demonstration now. International sizes range from ½-ton delivery to heavy-duty 6-wheelers.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue Chicago, Illinois

INTERNATIONAL TRUCKS

45 last year. One manufacturer who has not adopted overdrives is offering optional gear axle ratios instead, to make available higher speed in flat and higher hill-climbing ability in hilly country.

Appearance:

In general cars will look even a little more alike than last year. Notable exceptions are Graham (with same bodies as in 1938) and the new Hupmobiles.

Several manufacturers have abandoned the streamlined rear for sedan bodies and are now offering all sedans with built-in trunks.

Running boards have been dropped on several lines and on several more are optional equipment.

First real indication of the probable extent to which automobile prices will be cut this year as a result of expectations of increased volume during fall and winter months came this week with the announcement of Buick's 1939 prices. Reductions of \$51 on the lower-priced 40 and 60 chassis and \$102 on the higher-priced lines cover all fast-moving models. Reductions on slower-moving body types such as convertibles are somewhat less.

Wage-Hour Border

Andrews' office struggles in the dark with old question: What's interstate commerce?

WASHINGTON (*Business Week Bureau*)—This week wage-hour Administrator Andrews' new general counsel, Prof. Calvert Magruder, is thinking distractedly up and down three columns of industries: (1) those obviously in interstate commerce; (2) those clearly in intrastate commerce; and (3) borderliners who buy or sell proportionately little over state lines but who nevertheless undoubtedly "affect" interstate trade in the New Deal definition of that term.

If Mr. Magruder moves borderline groups over into the intrastate column, the courts may later reverse him upon complaint of labor. Retroactive wages might be ordered; employers would get mad, tell their congressmen, and pretty soon the Labor Standards Division would be a kettle of fish similar to the Labor Relations Board. The Ad-

ministration is very anxious just that shall not happen.

Putting doubtfulness over on the safe side would also greatly diminish the number of workers who would benefit under the law, as estimated by sponsors of the Black-Connery legislation. Even one or two doubtfulness exempted would bring a howling pack of "me too's." The courts could rule a lot of exemptions back under jurisdiction but it would take a long time. The general counsel is of course anxious to help make the law improve "business" for employers, labor and the public as promised. But he is mired in difficulties, not the least of which is his inability to recognize a borderliner when he sees it—a difficulty also experienced by the Supreme Court.

Doubt Promotes Compliance

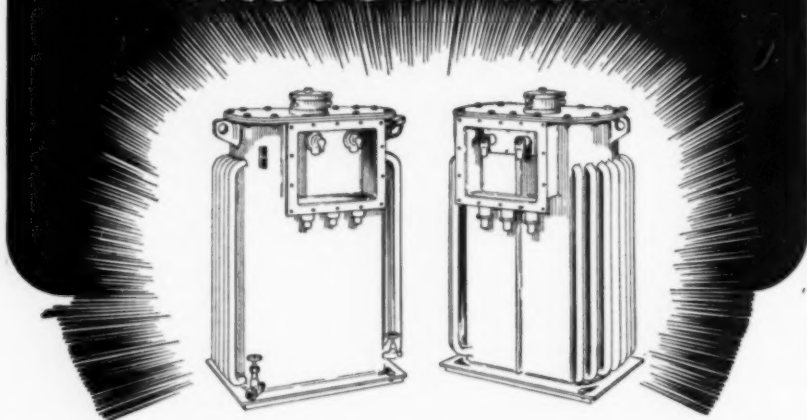
The authors of this law made no pretense of defining interstate commerce, nor did they order the Administrator to do so. If they hoped, by this vagueness, to secure wide compliance through uncertainty, the outlook is fairly good. In answer to bales of inquiries Mr. Andrews can only advise those in doubt to comply. And when asked if non-compliers might be ordered to pay back wages if they're brought under jurisdiction by court ruling, he can only answer now that he is afraid so.

The Administrator will concentrate this year on a nationwide compliance organization. This will be composed mostly of local labor officials instead of federal sleuths. The total federal staff will be about 1,000, a corporal's guard compared with some other agencies having less responsibility—for example the Civil Aeronautics Authority with 3,000.

Favorable Building Signs

WASHINGTON (*Business Week Bureau*)—Several "most encouraging" factors are noted in the outlook for new home building during the autumn and early winter by the Federal Home Loan Bank Board. Demand for home loans continues excellent; home building continues at a healthy pace; urban foreclosures are decreasing rapidly in volume; lending institutions report a sharp drop in real estate held (properties previously acquired through foreclosure). There has also been a climb in house rentals during recent months. The rental index figure (1926 equals 100) rose from 62 in 1933 to 84 for the first six months of 1938. So far an increase in building costs has had no important bearing on the general home building and financing trend. It is hoped that the usual seasonal declines in construction and financing will be less than usual.

These Transformers Improved by Corrosion Resistance of WROUGHT IRON



● Among many products being improved with Byers Wrought Iron is this subway or underground transformer shell. Moisture plays havoc with ordinary ferrous metals, but wrought iron gives years longer life—increases salability and gives the manufacturer a quality advantage over competition. Where corrosion is a problem,

improve your product with Byers Wrought Iron. Many suggestions are contained in "101 Uses for Wrought Iron," illustrated. Our field and laboratory engineers will gladly cooperate. A. M. Byers Co. Established 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Houston, Seattle, San Francisco.

BYERS

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements



BUSINESS WEEK REPORTS TO EXECUTIVES ON

Public Relations *for* Industry

*A presentation of the imperative need
of mutual understanding in the conduct
of our daily work*

- I. Why a Public Relations Program
- II. New Trends in Public Relations
- III. The Facts Behind Any Public
Relations Program



Number 13 of a series of special reports on current business opportunities, problems, and trends of outstanding significance. Made for executives by the editorial staff of Business Week in collaboration with the editors of the other publications of the McGraw-Hill Publishing Co., 330 West 42nd Street, New York, N. Y. Covered under the general copyright on the Oct. 1, 1938, issue.

AN EDITORIAL SERVICE TO MEET

Industry's Major Problem



To the Readers of Business Week:

There is no doubt that today the American people are taking a keener, more critical interest in the conduct of business than ever before. And when I say critical, I mean exactly that. During recent years most of them have suffered loss, either of jobs or of savings, and under such circumstances men are prone to accept without serious question any scapegoat that appears plausible. In the confusion of fears and resentments, they seem to have concluded that short-sighted and selfish business management is chiefly responsible for their misfortune.

However mistaken and unfair such conclusions may be, management cannot ignore them. It must recognize that in the long run, the opinions of men are the result of experience, of what happens to them each day, much more than of what they are told.

Progressive management has already faced that fact; has already begun to think and work beyond the technicalities of production and distribution that once absorbed most of its energies. It sees more clearly and deals more proficiently with its human responsibilities. It is learning to reconcile the economic success of the industrial unit with the social welfare of worker and community.

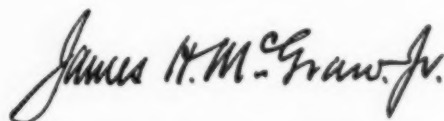
Presently, every business—the small retailer as well as the large manufacturer—must learn how to interpret more convincingly to its own public the social as well as the economic benefits of its policies and accomplishments. Only as each business satisfies the newly aroused and critical interest of people in its affairs will it be able to disarm those who trade on the human tendency to blame our troubles on

someone else. Yes, if business as a whole is to win a favorable public opinion, each and every business must act to improve its own public relations.

The readers of this journal, and of other business publications, compose, we believe, a group that can achieve for American business a sound and lasting solution of this vital problem. They alone are in position to shape the working conditions of 21 million employees. They alone can mould the attitude of those other millions who compose the various "publics" to which all business must be responsible.

Heretofore, the function of business papers has been to exchange successful experience; to dig up and disseminate practical facts for the use of their readers, serving primarily the technical and merchandising needs of business. But this matter of human relations has now become of equal importance, for good industrial and public relations, it has been found, reduce corporate losses, remove fear and suspicion, promote operating efficiencies in both production and sales. A better knowledge of public relations technique is, therefore, quite properly essential for men in, or moving into, positions of greater executive responsibility.

So, beginning with this insert, each McGraw-Hill publication sets out to strengthen its editorial service in the important domain of Public Relations. I hope that the million readers of McGraw-Hill's business papers will get much real and practical help toward building better relationships between their own businesses and their employees, their customers, and the communities in which they must carry on.



President, McGraw-Hill Publishing Co., Inc.

I.—Why a Public Relations Program

IN less than two generations the United States has changed from an agricultural to an industrial nation. Living standards and efficiencies at once the despair and envy of other countries have been created. Foreign delegations still flock to our shores to study our methods so that they may use them as patterns for their own organizations. Yet here at home today these methods and the systems responsible for them are under increasing attack.

Since every person employed in productive enterprise is a part of American industry, these attacks imperil the livelihood of nearly forty million workers and their dependents. The newest addition to the payroll has as much—if not more—at stake as the veteran business executive. That also is true of particular industries which at present may not be under direct fire. All industry is so interrelated and interdependent that even the seemingly immune enterprise must suffer when the legitimate activities and the buying power of its customers, or the customers of its customers, are curtailed.

Ironically enough, public acquiescence in many of the current attacks is an indirect recognition of the satisfactory manner in which our industrial system normally functions. Reasonable opportunities for the employment of those ambitious to put their mental or physical talents to work, and continually rising standards of living have come to be widely accepted as a matter of course. Any unfavorable change in these conditions leaves the general public surprised, confused and resentful. Such reactions as these make it easy for pressure groups to unloose destructive propaganda which further heightens resentments and breeds new misconceptions.

These misconceptions take many forms shaped by the experience, the inexperience, or the special interests of the critics. To one it appears that business can't manage itself and must be owned and managed by the Government. Another believes that employees are underpaid or that stockholders and executives are overpaid. To others corporate surpluses are too high. Many have convinced themselves that power and machines have reduced employment opportunities; and that industry can raise wages and reduce prices while costs go up.

Several misconceptions are based on faulty generalizations. Because a few companies have been remarkably successful, it is argued that all could make money. Because some corporations have been ruthless, all corporations, it is contended, will stoop to unethical conduct to gain their ends. This is like saying: John Smith killed Bill Brown; John Smith is auburn-thatched; all redheads, therefore, are murderers. Unfortunately, those

who would indict all business for the crimes of a few are more subtle in their approach and so create an impression not in accord with the facts.

To put it bluntly, American industry, once so highly praised for its contributions to the national well-being, is now on the spot. Prevailing misconceptions of how business operates and what it does have made a field day for those who propose to hamstring or destroy private initiative and individual opportunity. These proposals run a broad gamut: They include public ownership, increasing and rigid federal control at the expense of local autonomy, ill-conceived legislation on hours and wages, labor dictatorships, and confiscatory taxes on thrift and employment security.

WHILE the man in the street may be criticized for his willingness to swallow these nostrums, he is not wholly to blame. Industry, too, has been at fault, in assuming either that he was fully informed on those phases of its operations which are properly a matter of public interest, or that a healthy curiosity should be discouraged. Misconceptions multiply where the facts are hidden.

The tragedy of the situation lies in the fact that it might easily have been avoided. In the simple days of local and localized industry, everybody connected with a particular enterprise knew everybody else connected with it, and the details of its operations were an open book. The boss and the employees were neighbors; the customers, for the most part, fellow townsmen. Outside purchases were limited largely to those products which the local community neither manufactured nor raised. Competition in the modern sense was practically nonexistent.

As industry developed and enlarged its field of operations, much of this early intimate personal touch was lost. The small enterprise grew bigger. In some cases combinations took in the local business and financial control passed out of the community. The local industry which still retained its identity was busy meeting increased competition and seeking to expand its distribution. Little attention was paid to changing conditions that were fostering misconceptions about the personal relations of the business. Bit by bit the close acquaintance and familiarity of the early days disappeared.

Common understanding of these things also was much impeded by the greater variety of occupations as industry expanded. Each man's job became so highly specialized that the old feeling of common partnership in a joint undertaking frequently was buried in an exaggerated feeling of the relative importance of his own work. This made it easy for each occupational group to get the idea



that its contribution to the undertaking alone was essential and that many of the other groups were parasitic or, at best, unimportant.

Such mistaken beliefs are the exclusive property of no particular group. "Goods are valueless until sold," chants the sales staff; "without us the wheels of industry would cease to turn." "The wheels would turn much faster," growls the production department, "if we didn't have so many lame-brains drawing fat salaries as salesmen." Under the cold glance of both groups, the clerical force heatedly inquires: "How long do you think this business would last if we didn't keep the cost records, send out bills and collect the money for pay checks?" Some executives and engineers, too, have been known to forget that their plans cannot be carried out without the cooperation of other groups.

Possibly the greatest single cause of misunderstanding and friction has been fuzzy thinking on social responsibilities. Many of the responsibilities which rested on the individual or the state in our fathers' and grandfathers' days have been shifted to the shoulders of industry. New ones constantly are added or proposed—often

before industry has had time to adjust itself to those which have gone before. Some of these responsibilities affect employee relations; others involve customer relations. The worker, for example, no longer is completely defenseless against the occupational hazards of his employment. "Let the buyer beware" no longer is considered smart merchandising. Many of the changes now embodied in the laws were anticipated by industry itself. Opposition—valid or otherwise—to social legislation, however, has been used to damn business in the public eye.

FORTUNATELY, the barriers to good will and common understanding can be broken down. The process is a simple one. It consists chiefly in maintaining good policies in human relationships and in keeping all interested people—employees, stockholders and their neighbors, customers and the general public—informed. It means telling them in plain terms what revenue is received and where it comes from, what revenue is paid out and who gets it, how an industry serves the individual, the community and other industries. Finally, it

includes the acceptance of the social responsibilities which the advance of civilization imposes upon business.

Add all these things together and you have public relations.

Most employers are willing to accept their social responsibilities, but they are inexpert in making that acceptance articulate. Too many employers have failed to make clear their policies, their practices and their purposes as they relate to fair dealing with employees, investors and the general public. Their intentions have been good, but they have cloaked them with a veil of secrecy and made a mystery out of simplicity. As a result the uninformed have been given a royal opportunity to exercise their imagination. And they have done it!

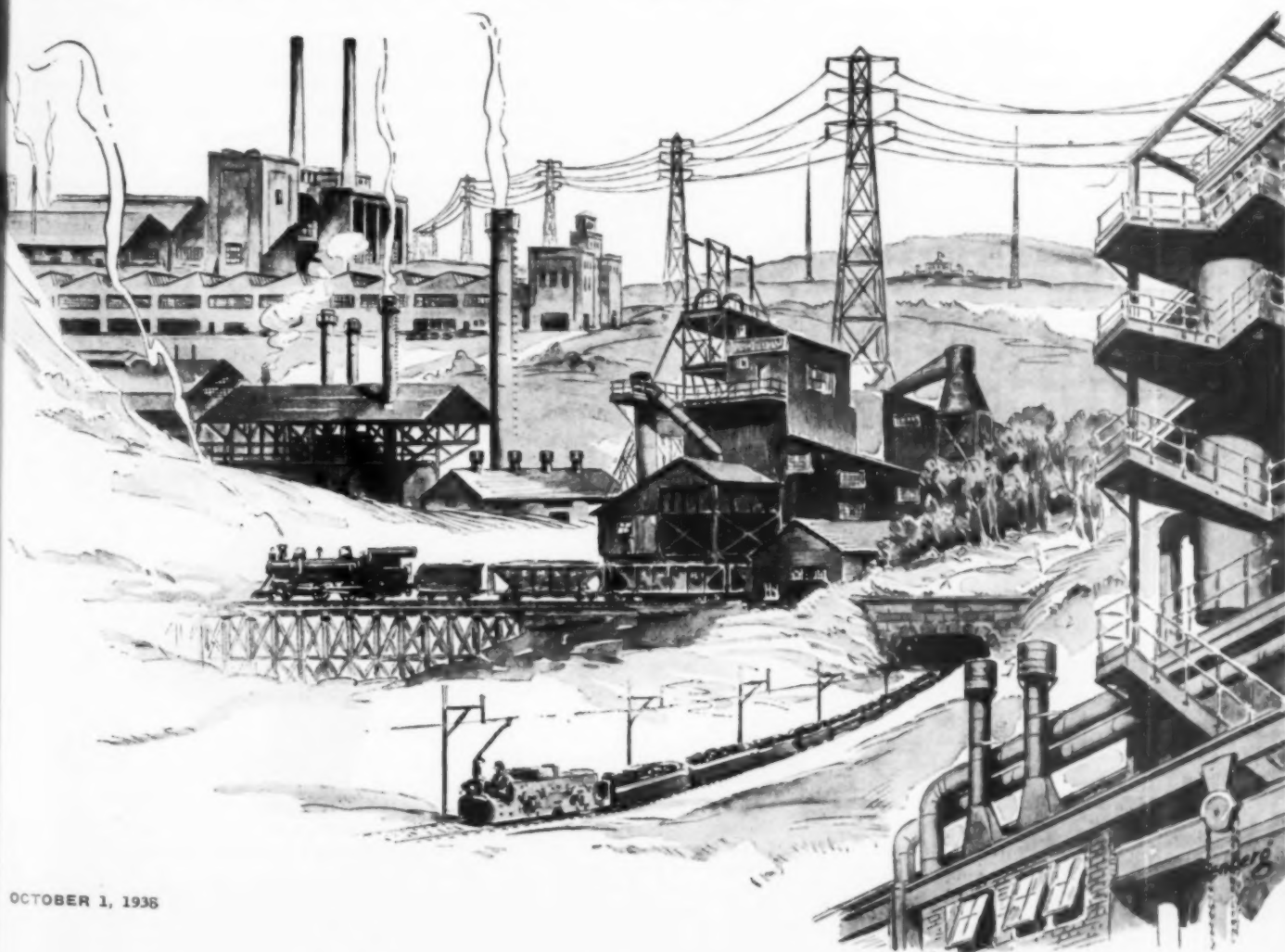
PUBLIC relations is a comparatively new activity for most business enterprises and involves a technique which too many have not yet learned. Obviously, the first place for each company to start is within its own organization. This is the "inside job" that builds a company's good name among its own family and lays the firm foundation for building public confidence and favor. As one exponent of the art phrases it: "Industry's public relations cannot be one thing and its private actions and policies something else. The two must be in complete accord."

The inside job should present no real difficulties to fair-minded employers. Most workers have a normal

predisposition to view in a favorable light the organization in which they earn their livelihood. Most companies endeavor to conduct their operations so as to justify that favorable attitude. But too few of them are adept at dramatizing the facts that furnish a substantial basis for maintaining employee good will. So, where misunderstanding and suspicion born of ignorance exist, time may be required to break down the barriers that have grown up.

THE task of telling this inside job to the outside world, however, will not be easy, for two reasons. First, it has been so long neglected that the backlog of misunderstanding is large. Second, public relations involves attitudes as well as actions, a viewpoint as well as an organization. Public relations is not a commodity that can be purchased like a car of coal or a bolt of silk; neither can it be sold by "canned" material. Each program to establish sound public relations must be individualized and indisputably stamped with the personality of the company promoting it. *And the deed must always back the word!*

But the task is worth the effort. For, with the inside job right, a properly conceived and intelligently executed public relations program offers business the means of successfully counteracting unjust public suspicion, unfair political attack and unwarranted outside dictation. The need is urgent.



II.—New Trends in Public Relations

ONCE upon a time, the head of a certain manufacturing concern lost faith in the ability of his political allies to conjure back the good old days. He became convinced that he must seek the public esteem. By the classification of an eminent Washingtonian, this gentleman was a copperhead. By other standards he was a conscientious citizen gravely concerned over the growing distrust of his business and of business in general.

So this manufacturer hired a publicity man and got busy. Together they went into mass production on news releases. Some of the hand-outs were printed, though a heavy percentage was tossed into waste baskets. The manufacturer read a lot of books emphasizing the social responsibility of business executives. Stimulated thereby, he started delivering speeches. They were applauded and printed.

The manufacturer was sought for committees, conferences, boards, organizations. His publicity man worked with a will. Every month there was a peck-and-a-half of newspaper clippings in which the manufacturer's name was mentioned. More and more of his time was spent in New York and Washington. He began to float in a theoretical stratosphere, getting farther away from his business both in spirit and geography.

One day when the manufacturer was in a Far Western city aiding in the formation of an institute (to combat the New Deal) he got an urgent 'phone call from home. A plant foreman had provoked a labor row which had ended

in a strike. The once loyal workers tossed rocks, the police retorted with tear gas, there was a stampede in which women and children were trampled.

After that the relations of the company with its labor were as those of cat and dog. Printed in the newspapers and capitalized by agitators, the rows got wider publicity than all the manufacturer's speeches and exhortations. Thus the effort to earn public good will was nullified by a single oversight. There is a double moral: Public relations begin at home, which means within the company's organization; actions are more potent than all the words in the dictionary.

Realization of those facts is changing the attitude of business management toward its present most important job—that of combating the public distrust and the activities of political sharpshooters. *Business Week* recognizes this clash as affecting the whole economic future of the United States.

As a service to executives, the Jan. 23, 1937, issue of *Business Week* carried a special report on public relations. Response to this emphasized the general recognition of the subject's importance. Since then outstanding exploits in the field have been watched and recorded, and there has been a continuing study of changing trends in public relations, leading up to a second report which is presented herewith.

This report is a result of research, interviews, correspondence to evaluate developments of the past year-and-

Odd Experiences
in the life of
A BUSINESS MAN
—being the
Gluyas Williams Drawings
for a booklet of that title by
the S. D. Warren Company
Boston, Massachusetts



Hears self described in unfavorable terms
by radio orator.

BUSINESS WEEK

a-half. Final detail of this job was the writing of 700 confidential letters to the top executives in every line of business. They were asked for comment, criticism, samplings of improved methods in public relations work.

The response to these letters is astonishing both in the number of replies (they are still coming in) and in the light it throws on current mental processes of executives. Generally there is wider acceptance of change as inevitable, greatly intensified public relations activity on more realistic lines, heavy emphasis on decentralization of public relations work to take in every phase of intra-company and community activity, and finally less dependence on a hope that some accident will stop the march of the political extremists and confound the skirmish line of experts in political behaviorism behind which they attack.

SPECIFICALLY the letters reveal definite phases of business opinion and plans for action:

(1) Public relations are a local problem which can best be handled in communities where a company operates or in the consumer group with which the company deals.

(2) Responsibility for public relations has moved "upstairs" into the office of the No. 1 executive. Recent developments in U. S. Steel Corp. reveal a healthy acceptance of this.

(Big Steel's complete reorganization of production and policy, especially evident in its peaceful acceptance of unionization, shocked Wall Street's hardshells to their very spats. The revolution of revolutions was engineered by Myron C. Taylor as chairman of the board. At his elbow stood Edward R. Stettinius, Jr., who succeeded to the chairmanship when Mr. Taylor retired to concern himself presently with the racial victims of Europe's dictatorships. Mr. Stettinius has what defenders of business have long demanded—a sense of industry's social responsibility. He came to Big Steel from General Motors, where he had been vice-president in charge of industrial and public relations. Liberalization of Big Steel in pricing, employee relations, frankness with the public continues at a rate which

must make many an old steel master turn in his grave.)

(3) Acceptance of good labor relations is a foundation for good public relations.

(A food company official writes: "The executive heads of business should make it a point to know more about working conditions in their particular businesses and to have a closer contact with employees. We all, no matter what our station in life, like to hear the boss talk, to know what he looks like, and to see whether he is a regular fellow or the kind of man the newspapers have pictured as the ruthless boss with no other instinct than to grind out money for profit.")

(4) Public relations are the responsibility of individual companies; while association effort is valuable, a corporation can no longer turn the job over to an organization and forget it.

(5) There is an increase in advertising to explain corporation and association policies.

(6) A minority of business officials still has to be "sold" on acceptance of change and the need of better public relations.

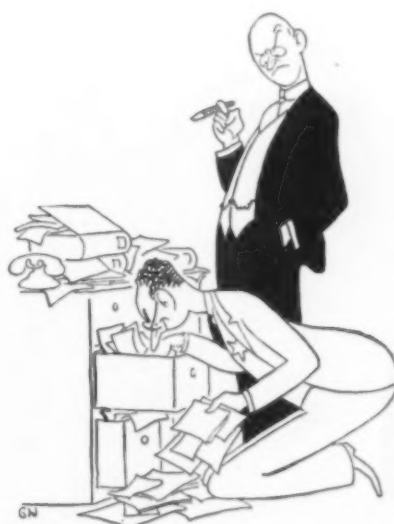
(A management specialist writes that he doesn't know of a single broad-gauged public relations policy in his city and deplores an attitude of "Let's wait and see what happens before we start." A banker reports that his directors spend most of their time cussing the New Dealers, are resisting changed conditions, are clinging to the hope that with "a change of administration at Washington, things will right themselves.")

(7) Nine out of every ten executives, while conceding the necessity for certain reforms, hope that business leadership can keep the experiments within sensible bounds.

(One president of a large corporation sees no difference between "propaganda emanating from Washington and propaganda emanating from business," adding that "if government propagandists do a better job than business propagandists, then business will have to take its medicine." A merchant says that exigencies of recent years forced executives to concentrate all their forces on "making a net



Ruffled by uncomplimentary comment of public servant.



Nettled by attentive intimacy of minor official.

profit" and that now "we must make a greater effort to sell ourselves, our social services and responsibilities as well as our merchandise." An advertising executive expects most of the "new socializing forces" to stay with us and believes that "the business man who fails to take account of these changes is simply sticking his head in the sand." The thought is echoed by a manufacturer's assertion that new projects would have come regardless of whether the government was Republican, Democratic, Laborite or anything else; he welcomes the trend, objecting mainly to the speed with which "the government is attempting to force changes on the people generally." A banker hints slyly that the "good old days" really weren't so hot, that if some unexpected upheaval were to bring them back "we wouldn't think them so good after all and would hasten to re-enact some of the more sane programs.")

A STAND-OUT in recent public relations practice is "decentralization." This involves the follow-up of overall campaigns (such as national advertising and radio) with a continuing plan for acts and education in the communities where the company has plants or activities. Bruce Barton, congressman and advertising magnifico, deplors (*BW*—Jun 11 '38, p 14) the tendency of business men to run to Washington with their troubles without doing sufficient work out in the shires where the votes are counted. The same holds good in public relations. A company's treatment of labor can smear or exalt its reputation; high-falutin protestations aren't worth a hoot if word gets around that employees are being abused.

Under the presidency of Lewis H. Brown the Johns-Manville Corp. has become a notable example of the new technique (*BW*—Jul 16 '38, p 30). To buttress its reports of company operations to employees and other information activities for workers, the company localizes its efforts in communities where it has plants. Pamphlets on vital policies, news releases to editors, newspaper advertisements, company periodicals are issued from J-M plants instead of from New York headquarters. Plant managers are re-

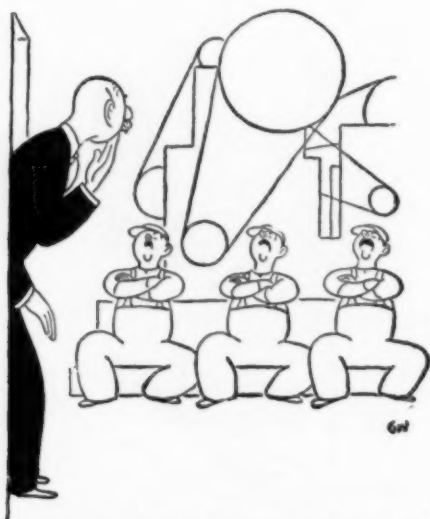
quired to identify themselves with the activities of their localities. (And it was this same Johns-Manville which recently elected to its board of directors a representative of the public—a suggestion laid before management by *Business Week* in its first Report to Executives on public relations last year.)

Labor dissension, New Deal experimentation, the groping for greater human security have focused attention on the importance of labor relations in any scheme for regaining the public's good will.

This involves the good old fundamental, "personal contact" with employees. It is apt to be overlooked as a business grows into a big business. The children of wisdom have never forgotten it. Walter Chrysler likes to talk with his men, to be photographed with them, to hear such cracks as "The old man still knows his stuff even if he ain't a mechanic any more." A smart new Chrysler stunt is a "circulating tool library." Here sons of Chrysler employees can borrow all sorts of hand and power tools. Instruction for their use also is furnished. By this the Chrysler company gains loyalty from older employees, develops skill in future workers, nets goodwill every time anyone comments on the plan.

George F. Johnson, that ancient and philanthropic shoe manufacturer, circulates regularly through his plants. He calls men by their front names, asks how the work goes, inquires after sick kids, invites complainants into his office for talks.

However, many a large company has found that the patriarchal spirit, even when it springs from a genuine sentiment, is a prolific producer of headaches. During the depression years company-owned housing, always a tender spot in labor relations, proved itself generally a bad investment. Like other big concerns, U. S. Steel Corp. carried hundreds of its unemployed workers for long periods without collecting rents on the company houses which they occupied. Big Steel has stated definitely that it would like to avoid providing housing for its new mills, that it would be happy to get completely out of its landlord status. There



Abashed by thoughtless snub administered by fellow workers.



Dispirited by aloofness of influential citizenry.

is a decided inclination among Southern textile operators to transfer ownership of company dwellings to the workers who inhabit them. Enlightened mine owners, forced usually by operations at inaccessible points to provide housing, regret the ownership of "company towns." The paternal rôle is a difficult one. It can also be a dangerous one when it leads employers into treating employees as children and gets in the way of businesslike handling of the industrial relations of a business.

SUCCESS of Endicott-Johnson with its particular brand of paternalism is due to its long record of proven interest in the well-being of its employees and in some measure to the fact that its plants are close together. The ancient and amiable "George F." can reach most of his workers by a few minutes' drive. But many companies are scattered all over the map. The gap between management and labor widens as control grows remote and records take the place of man-to-man relationships.

It is impossible for Lamont duPont, president of E. I. duPont de Nemours & Co., to swap pleasantries with his 50,000 employees. Nevertheless this company has developed a technique that answers the purpose.

High officials from the Wilmington headquarters periodically address gatherings of workers for discussion of their own and company problems. There is no "orating." Talks are directed at the interests of the employees, are salted with jokes, and held within the humanities. Questions and arguments are encouraged. Special attention is paid the foreman. In accord with a general trend toward eliminating czarism and favoritism among minor bosses, the company provides means for appeal from any action of foremen which a worker considers out of line with justice.

Huge duPont localizes despite its diversity of products and its 80 plants located in 27 states. Its 20 company publications (ranging from ambitious newspapers to multi-graphed sheets) are geared to the interests of their communities. Top officials systematically visit plant towns,

plant managers are encouraged to aid civic activities, value of duPont payrolls is impressed on local consciousness. General Motors, with other companies large and small, is strongly enforcing this phase of public and labor relations.

The quickened demand for the self-justification of business stimulated the quality and volume of institutional advertising through the past year. Much of it is cooperative, most by individual companies. A reason for this is a growing weariness with hand-outs aimed at the text columns of periodicals. While the tonnage of this output is a godsend to paper manufacturers, editors delight to flip it into wastebaskets, or to cut it down to size, or even to sneer at its special pleadings. Advertising says exactly what is needful, cannot be altered or killed.

Important in the broadened public relations activities of the American Bankers Association are pamphlets telling members precisely how to prepare news items that editors will welcome, and advertising that will be effective. Stimulating examples are provided.

Among conspicuous new copy placed is that of the Bank of New York & Trust Co. and that of the Marshall & Ilsley Bank, Milwaukee. Representative headlines of the former are "More Income to More People," "Machines Make Jobs." Each carries the tag line, "As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of private business."

The Marshall & Ilsley copy hammers away at the services banks render their communities by keeping dollars employed and making jobs. Sample heads are, "How a Bank Earns its Wages," "When Dollars Want Jobs," "How Many Capitalists in Milwaukee?" and "Jobs for Dollars Mean Jobs for Men."

Random selection of good industrial copy includes the advertising of two Standard Oil companies. Standard of Louisiana's new placings for Southern states stress better wages and treatment for its employees with low prices which enable all wage earners to buy. One layout dramatizes the number of aging men still on the job in the com-



Discovers that his morale is slightly below par.



Reads that he has scuttled business. Wonders how he did it.

pany and starts off with, "We're not afraid to grow old," say employees of Standard Oil." California Standard runs more to the educational, stressing the service of the oil industry in bringing America better light, better and cheaper transportation, greater national wealth.

But a company doesn't have to be a Standard Oil colossus to do a good job in this field. One of the most intelligent recent programs in effective low-cost business propaganda is that of the S. D. Warren Co., Boston. This concern makes printing papers. With traditional Yankee thrift, its good-will effort carries definite sales promotion. There are some 15 concise discussions of charges that have been made against business. One booklet is devoted to the "odd experiences in the life of a business man." It is an amusing series of drawings (reproduced herewith) by Gluyas Williams showing how one business man regained his self-esteem. Each of the 15 arguments is given individual art treatment and (for the good of the sales department) each bears an inscription calling attention to the type of Warren paper on which it is printed.

THE ferment of the times has caused the most conservative businesses to worry about their standing with the public. Last year the National Board of Fire Underwriters proved that huge expenditures aren't necessary for effective work.

A committee on public relations of this organization received a \$100,000 appropriation for an advertising campaign which was so well received that plans were extended for another 12 months.

National advertising copy stressed the service of insurance in protecting life and property. Local copy tying in with the organization effort was furnished individual agencies. Posters were distributed for insurance offices. Also over 440,000 reprints of advertisements were sent to company executives, organizations, local agents, mayors, fire department chiefs, school superintendents. Here is a significant extension of such individual company campaigns as those of Metropolitan Life and Maryland Casualty.



Learns, with surprise, that his aid is needed to restore national prosperity.

The National Association of Manufacturers and the U. S. Chamber of Commerce have intensified their advertising drives, both stressing local advertising and local participation in all programs. The National Industrial Advertisers Association, Chicago, also aids its members in intelligent public relations moves. A recent bulletin listed for possible emulation outstanding examples of good-will promotion in advertising, speech-making, industrial relations work.

Advertising agency men, being outside the thickets of operating detail and necessarily sensitive to mass vibrations, have done their part in impressing the facts of life on managerial crustaceans. They are encouraging public relations activities. When Albert D. Lasker stepped down from the presidency of the far-flung Lord & Thomas agency, he called on his Western chief, Don Francisco, to take his place.

Mr. Francisco's feats in public relations are subjects for awe and acclamation (*BW*—Jul30'38, p.16). It was he who led the attack on Upton Sinclair when that political goblin seemed sure of election as governor of California. It was Francisco, too, who defeated a drive against California chain stores, largely by proving to farmers the value of chains as buyers of their products.

Advertising agencies have made steps in industrial relations work. But there they have been less successful because this is necessarily an intimate, inside, company job and because advertising of necessity is concerned with consumers or marketing rather than with the client's workers.

Surveys and tests of public attitudes are assuming greater importance. An official of one of the country's largest corporations writes *Business Week*:

"We needed to know more exactly what the public thinks of our company and why. Through our sales research department we had a test survey made. We are learning some very interesting things. Too much of our thinking at present is on the basis of horseback opinions of individuals, not enough on actual testing of what the mine-run of the populace thinks."



Attends conference on plan to revive business and acquires suspicion that he has underrated himself.

Associations have been active in this field. The National Association of Manufacturers studies furnish definite percentages on where the public sympathy is in strikes, whether industry has done its best to relieve unemployment, whether profits are considered too high, what employees are thinking about basic questions. The American Bankers Association has also done some good spade work. Its studies inform members as to the public attitude toward banking activities, analyze the newspapers' viewpoint on banks, furnish a plan by which any bank can find out for itself the percentages of a community's affection or distaste.

LAST summer the New England Gas Association made a survey of public relations programs of gas and electric companies in its territories. At a subsequent sales meeting the analysis was used to show what the companies were doing, weren't doing, or should have been doing. This attracted the attention of the New England Council which embarked on a much wider project. The Council recently completed a public relations survey among several hundred leading New England manufacturers.

This questionnaire sought to discover whether communities realized what their manufacturers were contributing to economic life, whether the reciprocal attitudes were friendly, whether the companies took sufficient part in civic affairs. Queries included appearance of company properties, programs for visits to plants, information aids to newspapers.

Edward L. Bernays, New York public relations counsel, was asked by the Council to comment on the returns from its study. Mr. Bernays complimented the result but pointed out opportunities for further effort.

He noted, for instance, that only 13% of the manufacturers responding thought it worth while to speak in behalf of their companies before local groups, that of the members of the Industrial Committee of the New England Council only 63% gave public interest information to newspapers and only 14% gave such information to labor leaders, that less than half gave the information to employees.

Varied and interesting were the answers to the question as to what were the chief barriers between industry and community in the order of emphasis. Eighteen per cent said lack of mutual understanding, 8% said labor agitators, 5.5% said politics, 4.5% said autocratic or indifferent management, 3.6% said low wages, 3.6% said the Federal Administration, 2.7% said tax burdens, 2% said mutual indifference between industry and community, 1.4% said unfair labor practices. Other opinions cited the Wagner Act, short-sighted local officials, absentee management, ignorance, prejudice, unemployment.

Mr. Bernays thought it surprising "that 80% did not answer this question (on barriers) or 'How best can these be overcome?'" He took the result as proving that, while business feels that public relations may be helpful, "it has no concerted point of view, concerted knowledge, or concerted attack upon the problem."

Business will do well to note that there is in New York an Institute for Propaganda Analysis. It is composed mostly of professors with minds like gimlets. The main object of the organization appears to be the dissection of foreign activities. But that doesn't mean that they can't delve now and then into the motives back of domestic public relations drives.

Down at Princeton, Prof. Harwood Childs had 125 undergraduates and seven graduate students in his last year's course on public relations. Dr. Childs thinks that something might be done with a "summer conference" which would give active executives a chance to obtain training and background in public relations. He visualizes groups of perhaps 20 responsible business men and serious students attending for a week or more. They would live as students in the university, would hear lectures by instructors and experts, would devote much time to informal discussion.

Other universities are paying more attention to this field. An interesting departure is the Evans Professional Group at the University of Wisconsin. Its study of the humanities embraces both public and industrial relations.



Decides that the derogatory comments might have been typographical errors. Concludes he is of some value to society.



Resolves that he will tell the public that he has his points.

A current activity is experimentation on yardsticks to measure accurately the effectiveness of industrial relations methods in any given plant.

If private business needs any further stimulant in this field it might contemplate the two-year course which the American University, Washington, D. C., inaugurated this fall. It offers training in public relations for government employees. One report points out that "new federal activities serving millions of citizens have required extension and improvement in reporting and information service."

PENETRATING readers of public relations studies note the absence of small companies among the citations. The answer is simple. Small businesses have difficulties just as acute as large ones in this field but they must be solved on the old person-to-person basis. Back in the days when all business was small, the head of an enterprise knew personally his workers, the citizens of his community, and often his customers. There was no problem of projecting a company's personality. Its immediate group observed the actions which showed whether the concern was good at heart or otherwise.

With small businesses these same factors remain in force. If Absalom Finch, who runs a general store at Squash Corners, underpays his clerks, cheats his customers, and is heartless with his debtors, the community knows all about it. The word goes abroad that "Absalom Finch is an old skunk." And this colors the neighborhood's attitude toward all business. In other words, the public relations problems of small business concerns are wrapped up in personal dealings of its members with its employees, its customers, its community.

If they need counsel and advice, executives of smaller companies usually can turn to large corporations (with which they deal and which have expert public relations facilities), or to business organizations. In some cases, special agencies have handled this work for communities.

Toledo has dramatized the fact that a strife-ridden city can recapture its tranquillity. Most credit goes to Toledo Associates, a cooperative public relations effort. Channels were established for correcting exaggerated news stories by furnishing frank information; companies lacking experience were provided with expert public relations counsel; national attention was focused on the city and favorable comment in the national press provided advertising that it could not have bought. Toledo Associates' report, "Industry's Public Relations," ought to be in every company's bookcase.

Recently Sheboygan, Wis., followed Toledo's lead (*BW*—Sep 3'38, p35). It set up a Community Peace Board to bring about peaceful settlements of rows between management and labor, and established a New Industries Council to bring suitable new enterprises into town.

Toledo showed how intelligent teamwork can cope quickly with a seemingly hopeless crisis. It is a lot more satisfactory to build public relations gradually, along with other vital operations. Maybe it isn't just coincidence that the Bell Telephone System is the biggest private corporation in the world and an outstanding example of long-range public relations. Events of the past two years, during which the federal government has frowned in its direction, prove the company's vision. Conspicuous as a

target because it dominates a vital service, the Bell System early accepted the fact that magnitude imposes obligations. So it has consistently built up a homeguard of almost a million defenders (650,000 stockholders, 300,000 Bell and Western Electric employees).

Confidence in the Bell System is so universal that the Federal Communications Commission couldn't make up its mind after its three-year investigation of the company (*BW*—Apr 9'38, p17). The commissioners wouldn't vote on definite action and the findings, released as a "proposed report," became a political trial balloon. And such it remains.

The study carries some direct and much implied criticism of methods by which the Bell System has entrenched itself with educators, officials, publications, community leaders, workers, stockholders. However, perhaps the one most effective "symbol" of intra-family relations has been Bell's payment of that \$9 annual dividend even when it had to dip into surplus. Common sense has also been employed with Bell workers. Employees are well-paid, treated well, drilled in standing up for the company in every outside encounter. In all localities employees make their influence evident to public officials and civic organizations. Every move is leavened with the effects of an uninterrupted series of institutional advertisements, printed educational devices, and moving pictures.

THIS citation of Bell is a fitting example with which to close any study of public relation trends. The management of this and all other businesses is trying to set its course through tumultuous currents, along shores which have lost many of the old landmarks. For the men at the controls there are certain points on public relations that cannot be too strongly emphasized:

Intelligent effort in this field is a continuing necessity, not a passing need.

Most important is the way a company treats its workers, its customers, its community.

Acceptance of good-will gestures rests on acts, not on protestations.

Public relations should not be used as a blind for "putting something over" since reactions from exposes will leave the overly-cunning worse off than before.

And, to repeat a warning made more than a year and a half ago: As sure as God made little apples, business must prepare itself for an increasing amount of government interference.

REPRINTS AVAILABLE

PUBLIC RELATIONS FOR INDUSTRY is the thirteenth of *Business Week's* special reports to executives. Copies of this report, including the charts on the next four pages, will be available in reprint form. Single copies will be mailed to *Business Week* readers upon request without charge. Additional copies will be billed at the rate of 10c apiece. Quantity reprints of the entire report or of the chart pages alone by arrangement.

Requests for reprints, whether for single copies or larger quantities, should be addressed directly to:

Willard Chevalier, Publisher
Business Week
330 West 42nd Street
New York, N. Y.

III.—THE FACTS BEHIND ANY PUBLIC RELATIONS PROGRAM

A Report

To employees, stockholders, and the general public on how all American corporations earn their living; how they disposed of more than a trillion dollars in the ten-year period from Jan. 1, 1928, through Dec. 31, 1937.

Received from public for goods and services	\$1,185,955,000,000
Other Income	24,067,000,000
Giving business a total to work with of	\$1,210,022,000,000

Which was disposed of as follows:

A. Items over which management has no direct control:		% of gross	
Materials and services purchased from others	66.11		\$799,913,000,000
Wear & Tear — depreciation and depletion	3.31		40,018,000,000
Taxes — Federal, state, local	2.56		30,983,000,000
B. Leaving a balance (28.02% of gross) for workers, management, and stock and bond holders (over which management has some direct control)		% distribution of this balance	\$339,108,000,000
Workers received in salaries and wages	19.29	68.83	233,395,000,000
Management received for services	2.00	7.14	24,219,000,000
C. Leaving for bond and stock holders as payment for use of factories, mines, railroads, other tools and working capital			\$81,494,000,000
Of which Interest amounted to	3.28	11.71	39,696,000,000
Leaving for Dividends	3.45	12.32	41,798,000,000

But after paying dividends of \$63,626,000,000, expenditures of corporations for all purposes — purchases from others, taxes, wages, etc. — amounted to \$1,231,850,000,000. Thus, the draft on capital in the ten-year period amounted to \$21,828,000,000.

In this report, compiled for the first time, *Business Week* departs from the usual accounting form used by corporations in annual reports to their stockholders — on the theory that business executives more and more are leaning toward humanized treatment of their financial affairs (BW — Dec. 18 '37, p. 20), so that workers, customers and the general public may readily understand what's what. The report embraces all corporate industry in the United States — mining and quarrying, manufacturing, construction, agriculture, transporta-

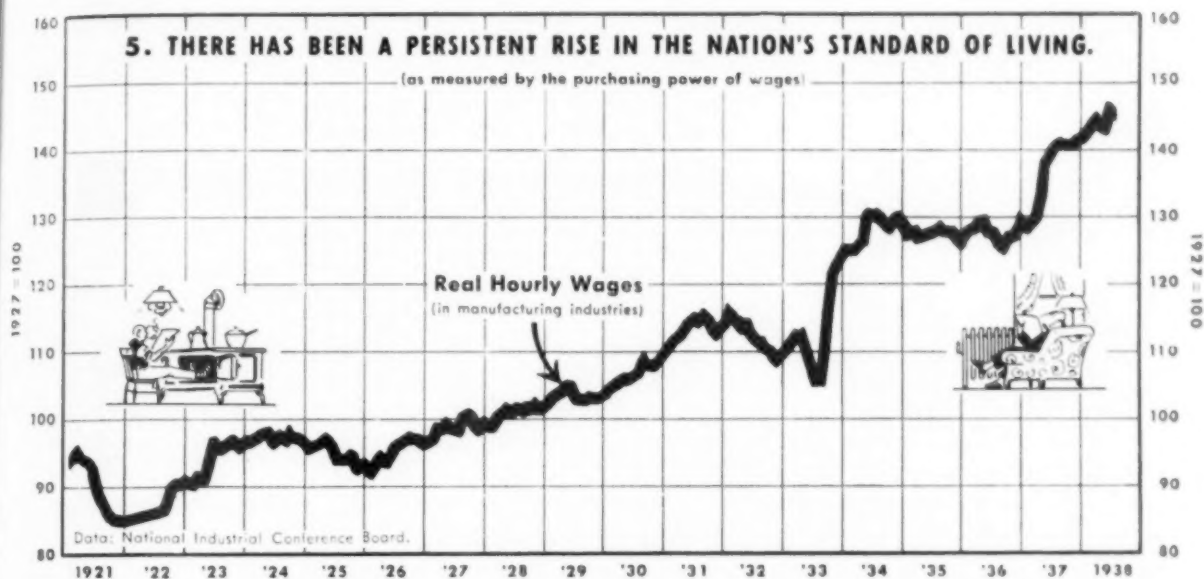
tion and other utilities, services, finance, wholesale and retail trade, and miscellaneous corporate activity. The data were derived from official government reports, but even so, in such a vast statistical project, undertaken here for the first time, the totals can only represent approximations. But the figures have been carefully compiled and checked, and in the opinion of the editors of *Business Week*, give a reasonably true picture of what American business does with the money it receives from its customers for the products and services it sells.

Data: Statistics of Income, National Income, Census Reports.

© Business Week

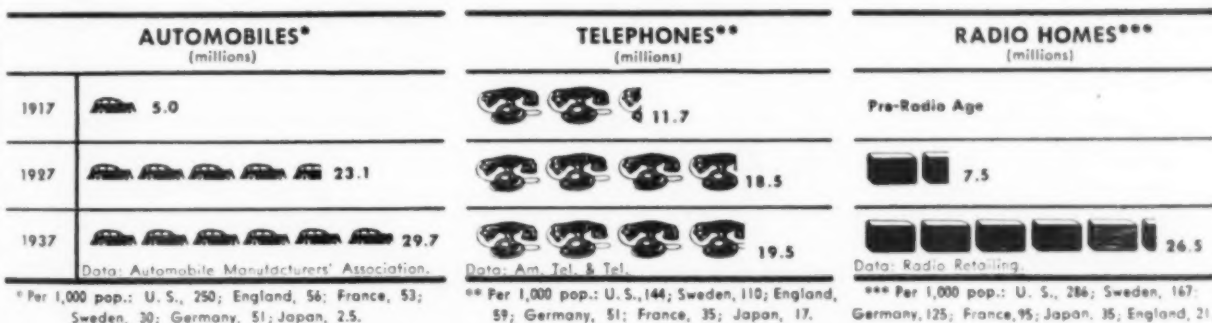
TO IMPROVE ITS PUBLIC RELATIONS

steadily and persistently—the American standard of living.
 Better than words, these charts tell that story of what business has done to improve its relations with its employees, its customers, and the general public:

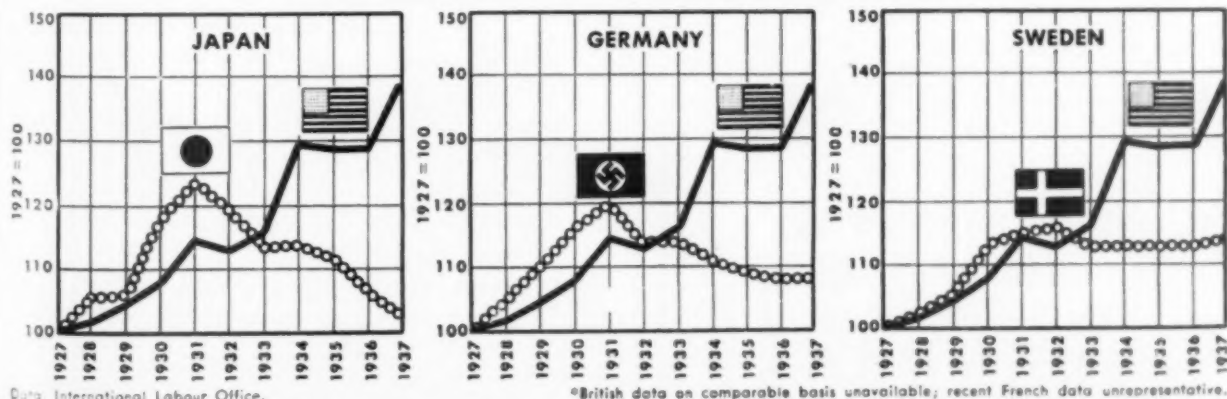


AND THE PROOF OF THIS HIGH STANDARD IS:

A. The Growth in the Use of Conveniences:



B. Comparisons with Living Standards Abroad:



Sales Guide

New definition of marketing area appears in sales data compiled by Outdoor Advertising.

BECAUSE IT WASN'T SATISFIED with the present method of market evaluation, which didn't appear to be particularly successful in cutting down waste in advertising and selling expenses, Outdoor Advertising, Inc., over a period of six years, has been working on a market evaluation method of its own.

The result, in the form of an atlas of the urban markets in the United States is released today under the title: "Urban Markets and Retail Sales." The main point of departure of this Outdoor study is in its definition of a marketing area.

Disregarding all political subdivisions, Outdoor started with a central city having a population of at least 2,500, added to that area all contiguous townships and villages which had a population density of over 100 per sq. mile, finally setting the boundary line of the urban market at the point where the population density dropped under that figure.

Though the present U.S. market pattern is made up of some 100,000 large and small towns and has 50,000-odd political boundary lines, the Outdoor study breaks it up into 1,901 neat urban market areas. As a group these occupy only 2.6% of the nation's land area, but that area includes 65% of the total U.S. population, 73% of the total retail outlets, does 86% of all retail sales.

Graded by Retail Volume

The study rests largely on the value of retail sales figures as a guide to evaluating markets, using the U.S. Department of Commerce figures in the 1935 Census of Retail Distribution. Each of the 1,901 markets has been graded from A to E, according to its retail sales volume—an A market having a volume in excess of \$25,000,000, and an E market under \$2,500,000.

Information collected for each urban market includes breakdowns of retail sales figures, population breakdowns, dominant occupational activities, standard of living statistics, climatic information, number of colleges, number of movie houses, hardness of water, peak months of agricultural income. All of which is an aid to the individual company that intends to use the study as a basis for more careful market selection in the sale of its own particular product.

Like the recent Scripps-Howard nationwide survey of brand preferences in U.S. markets (BW—July 38, p. 30) the Outdoor study can be bought by advertisers for \$100 a copy. It plugs no specific advertising medium, adds another volume to the steadily increasing library of market research that is devoted to selective selling.



"Out with the bosses—since we got the P.M."

THE END of the day mail used to keep Jim in the office an hour or more past anybody else, made him late for dinner, dates or night classes. But the Postage Meter makes mailing a matter of minutes. There are no stamps to stick—and more important—no stamps to safeguard, count, and lock up. Postage losses and stamp snitching worry him no more. Because the Postage Meter protects the office people as well as the office Postage!

Because the postage is in the Meter, set and sealed at the post-office—tamper proof, theft proof! Visible counters show the amount of postage on hand, amount used,

pieces mailed—make postage accounting easy and accurate. The Meter prints the postage, postmark, advertising slogan, and seals the envelopes neatly, swiftly, efficiently. Metered Mail is received at its own special window; goes through the postoffice faster, and escapes the jam at the end of the day—because it doesn't need facing, postmarking, cancelling; gets through faster, makes earlier trains.

There is a Postage Meter model for every size office, every mailing requirement. Ask for a FREE Demonstration—and learn why progressive firms everywhere have adopted Metered Mail!



THE POSTAGE METER CO.

803 Pacific Street, Stamford, Conn.

PITNEY BOWES

Branches in principal cities
Consult your telephone directory

NEW PRODUCTS

**New processes . . . New designs . . . New applications
of old materials . . . New twists on old ideas . . .**

Reasons for increased brilliance of the northernmost section of New York *Times'* ever-moving electric news bulletin lie in Extralite Bulbs. The new mushroom-shaped lamps, which have inside-silvered reflecting surfaces, promise to save the newspaper considerable money because they use fewer watts of current to produce more lumens of light than lamps previously used. Forced-life tests indicate an average burning life of 1,800 hours, with an efficiency at that time in lumens per watt of 91.3%. Emanuel Teitz & Co., 1775 Broadway, New York, imports them in sizes from 10 to 500 watts, 120 volts, from Belgium.

Field workers and sportsmen in snake-infested areas will shortly be carrying the Compak Suction Snake-Bite Kit



which includes a narrow braid tape for constricting flow of lymph, a lancet for making essential incisions, a tube of iodine, and a pair of powerful suction caps to extract venom. Cutter Laboratories, Berkeley, Calif., nests the whole outfit in a package scarcely larger than a man's thumb.

Pivoted Type Bases are normally associated with electric motor drives. Rockwood Mfg. Co., Indianapolis, has furnished one on which is mounted an International Harvester 55-hp. gasoline engine which weighs 1815 lb. and delivers its power output at 1800 r.p.m.

Ordinarily any coffee bean going through the process of roasting is subjected to the most intense heat on its outside layers, thus permitting essential oils to volatilize before it is heated through. Uni-roast Coffee Corp., 551 Fifth Ave., New York, is demonstrating a new roasting method wherein coffee beans are heated in all parts simultane-

ously by a high frequency eddy current generated by a Thyatron inverter circuit. Roasting is quickened, flavor improved.

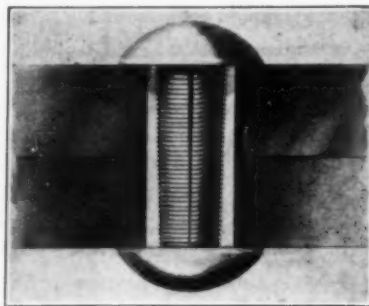
New methods of attaching Trick Rubber Heels to boots and shoes make possible heel replacement without re-



Schrago

course to the shoe repairer. Or as heels begin to run over on their outsides they may be interchanged quickly for extra wear and comfort. As designed by Trix Heel, Ltd., 11 Park Lane, London W-1, England, metal plates are screwed to shoes; simple locking clips are molded into the rubber of the heels.

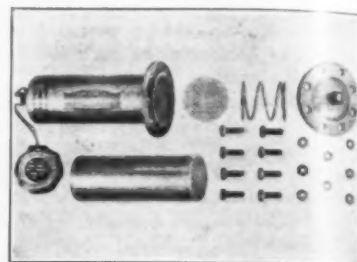
Hopkan Locking Rivets, developed by Hopkan Rivet Co., Inc., 128-130 Latham St., Pittsburgh, have serrated split studs which lock within internally serrated sleeves. The serrations, which are not threads, are formed with one



vertical and one tapered face. Split studs spring out and hold tightly after assembly. The company also makes the rivets with sleeves split and studs solid, to form tight fits within holes.

Since the shortest belt in a set of multiple V-belts is likely to bear the brunt of the power load, B. F. Goodrich Co., Akron, O., has developed a machine which matches belts precisely for its customers. When stocked by mill supply dealers, belts measured by the machine are marked for each 0.1-in. deviation from nominal length.

When all the parts shown in the picture are put together, they make the new Henry Dehydrator with replaceable cartridges. Present application will be confined to removing all traces of moisture from lines carrying liquid refrigerants in air conditioning and refrigerating installations, but its maker, Henry Valve Co., 1001-19 N. Spaulding



Ave., Chicago, is already prepared to furnish the refill cartridges charged with a variety of dehydrants for a variety of purposes: activated alumina, Drierite, barium oxide, calcium oxide, or anhydrous calcium chloride.

With the Centrifugal Electric Painting machine, manufactured by James H. Matthews & Co., 2535 Forbes Field, Pittsburgh, one man is said to be able to paint 1,500 ft. of finished surface per hr. The self-contained hand unit, which with 0.1-hp. motor weighs only 5½ lb., throws paint by centrifugal force in an adjustable fan-shaped spray.

Similar in working principle to the circular wood saw with universal work head, the Portman Abrasive Cut-Off Machine comes from the plant of Portman Machine Co., 2236A Bathgate Ave., New York. Head will swivel 45 deg. to the left of vertical position,



and the table will turn 45 deg. to left or right of horizontal, permitting almost any kind of metal to be cut on almost any bevel with the work remaining straight across table at all times. A five-hp. motor is direct-connected to the 16-in. circular blade

United Beer Front

Two national associations join United Brewers Industrial Foundation, consolidating the brewers' public relations drive.

THE UNITED FRONT which the beer industry has sought in its national public relations drive has finally been consolidated. The United Brewers Industrial Foundation announced on Sept. 14 that national associations which had been hanging back were joining up for the duration.

United Brewers was sponsored by the U. S. Brewers Association, the old-line organization, as a special implement for seeking public approval (*BW—Nov. 37, p. 59*). It proposed that all brewing interests and associations aid United Brewers, Brewing Industry, Inc., and American Brewers Association, the other two national organizations, held out until this month.

The United Brewers Industrial Foundation took great pleasure in announcing its new alliance with Brewing Industry and American Brewers. Both associations will recommend that all members join the Foundation's drive. Places will be made on the Foundation's board of directors for representatives of these two groups. The recruits will strengthen the effort to capture the public good-will.

Inter-Fuel Battle

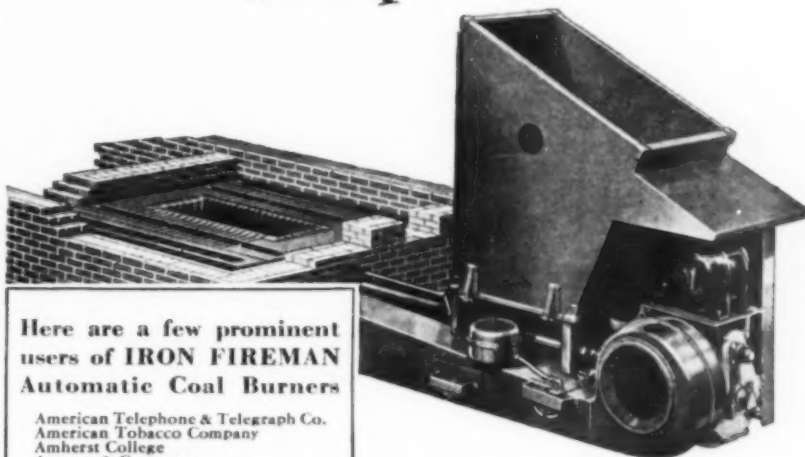
WASHINGTON will have to referee a knock-down fight in which employers and workers of the coal industry are battling advocates of a new pipe line to carry natural gas from Kansas and the Panhandle of Texas to the iron range of Northern Minnesota. Arguments on this question are being heard by the Federal Power Commission, before which the National Coal Association and the United Mine Workers of America wish to appear as opposing the construction of additional lines by the Kansas Pipe Line & Gas Co.

The Coal Association says Congress seeks to protect and stabilize the bituminous coal industry. It argues that a natural gas line, relatively "laborless," would burden the fuel industry contrary to national policy. U. M. W. leaders take a similar stand in the interests of 375,000 coal miners. They claim that the labor charge is 60% to 65% of the cost of coal and that much of the labor would be displaced if cheap natural gas could be delivered to the Mesaba Range. Natural gas spokesmen reply that industry must have the cheapest fuel even though this may cut down labor at the mines and on the railroads.

The Federal Power Commission must reach a decision. Political considerations will probably determine it.

IRON FIREMAN

is known by the company it keeps



Here are a few prominent users of IRON FIREMAN Automatic Coal Burners

American Telephone & Telegraph Co.
American Tobacco Company
Amherst College
Armour & Company
Beatrice Creamery
Borden Company
Chesapeake & Ohio Railroad Co.
Childs Company
Coca Cola Bottling Companies
Continental Baking Company
Cooper-Bessemer Corporation
Crane Company
Dairymen's League Co-Operative Assn.
Erie Railroad
Firestone Tire & Rubber Company
Ford Motor Company
General Cigar Company
General Electric Company
International Harvester Company
Kennecott Copper Company
Kraft Cheese Company
S. S. Kresge Stores
S. H. Kress Company
Kroger Stores
Libby McNeill & Libby
Liggett & Myers Tobacco Company
McClellan Stores
Mack Truck Company
Massachusetts Mutual Life Ins. Co.
Metropolitan Life Insurance Co.
J. J. Newberry Company
New York Central R.R.
New York Life Insurance Company
New York University
J. C. Penney Company
Pittsburgh Plate Glass Company
Pro-phy-lac-tic Brush Company
Prudential Life Insurance Company
Railway Express Agency
Republic Bank Note Company
Republic Steel Company
Sears & Roebuck Stores
Sherwin-Williams Company
Singer Sewing Machine Company
Southern Bell Telephone Company
Standard Oil Company
Swift & Company
Texas Company
Union Carbon and Carbide Co.
Union Pacific Railroad
U. S. Gypsum Company
U. S. Vanadium Company
Warner Bros. Theatres
West Virginia Pulp and Paper Co.
Western Electric Company
Western Union
Westinghouse Electric Supply Co.
F. W. Woolworth Company

World's Standard of Stoker Value

NOT only Big Business, but thousands of successful smaller concerns have installed Iron Fireman. And when shrewd plant managers, by the thousands, all choose the same stoker, you *know* it's the biggest value.

Two main advantages have made Iron Fireman the largest selling automatic coal stoker:

Economy. Figures prove that Iron Fireman provides more heat—or power—for less money than any other kind of firing. An operating cost check of 155 installations, in Cleveland, Milwaukee and Toronto, revealed an average annual fuel saving of 49%. Fuels formerly used were oil, gas, handfired coal, central steam.

Dependability. Iron Fireman automatically delivers steady, even heat or boiler pressure day in and day out. It increases boiler efficiency, lowers labor costs and eliminates smoke nuisance. Its unequalled mechanical precision and dependability are the result of 15 years of constant research and improvement.

Iron Fireman makes hopper and bin-feed models for commercial boilers developing up to 800 h.p. and for small home heating plants. Quick, efficient installation; convenient monthly payment plan.

Learn what an Iron Fireman installation can do for you. Your dealer will make a firing survey and submit the facts. Or we will send a catalog. The coupon is for your convenience. Iron Fireman Manufacturing Co., Portland, Ore.; Cleveland; Toronto. Dealers everywhere.



IRON FIREMAN

IRON FIREMAN MANUFACTURING CO., 3028 W. 106th Street, Cleveland, Ohio.

☐ Send Iron Fireman Catalog ☐ Make free firing survey.

Name

Address

Boiler Size and Type

Advertising must be understood

Advertising must be understood, if it is to be used effectively by modern business.

Like a high-powered automobile, it is dangerous in the wrong hands.

Don't decide for or against it until you have consulted with an advertising agency. Perhaps they will surprise you by advising against.

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK



An R & M combination like this—electric hoist and jib crane—costs so little and does so much! For like efficiency in your plant, let our engineers sit down with yours and specify the outfit that matches the job. If 2000 kinds of R & M hoists and cranes—electric or hand-operated—do not include the one kind that you need, we'll figure on building it to order—to traditional R & M standards of sturdy construction and up-to-date engineering. Consult Robbins & Myers, Inc., Hoist & Crane Division, Springfield, Ohio.

ROBBINS & MYERS *Hoists*

\$30-Thursday Planners Worried

Determination of California business men not to accept warrants and opposition of state employees are wearing down hopes for pension program.

AMONG THEMSELVES, and not for publication, the more realistic among the promoters of the fantastic \$30-Every-Thursday pension plan, to be voted on by the California electorate Nov. 8, are beginning to have their doubts as to its workability.

The more thoughtful among the sponsors seriously doubt that the plan ever will become operative even if it is voted into the state constitution in November. Privately, they are admitting that if the banks and merchants refuse to take the pension warrants, the plan will fail. But they feel that the "trial is worth the heartache" even if the only result is to boost the old-age pension idea generally.

There are strong indications that the barrage of facts about the plan laid down by California business (BW—Sep17'38,p24) is beginning to be felt even by officials of the pension organization itself.

To date, some 25 large business groups are on record not only as opposing the scheme but as determined not to accept the warrants. Included are such key groups as the California Bankers Association, California Retailers Association, National Association of Credit Men, Pacific Coast Garment Manufacturers Association, Western Confectioners Association, California Farm Bureau, California State Employees Association, Grocery Distributors Association of Northern California and all the city chambers of commerce.

A Crucial Question

Privately recognizing this impressive opposition, promoters of the plan have agreed among themselves that if they win in November their first move will be to find out just who will and who will not accept the warrants. The act gives the administrator 90 days to get the scheme going. In the event that a survey shows the warrants unacceptable to a large majority of business interests, the plan will collapse automatically, they admit. They believe that, if the plan becomes law, enough of the opposition will vanish to make it workable.

Incidentally, the proposal gives the administrator \$200,000 (cash money to be advanced by the state) to sell the measure to business during the 90-day interval before it must finally go into effect.

The growing doubt in the minds of some of the plan's sponsors has so far been kept very much sub rosa and it's

not interfering with the aggressive campaign for victory on Nov. 8. Publicly, all is and will be serene and optimistic and some 240,000 oldsters, many of whom are going without meals in order to scrape together their dues, continue to pay a penny a day into the battle fund.

Constitutionality Issue Arises

Promoters are beginning to worry a bit about the constitutionality of the section which provides for payment up to 50% of the salaries of state and other public employees in \$30 warrants (BW—Sep3'38,p14). This group, which receives some \$200,000,000 yearly in salaries, may be able to claim the right of prior contract and insist that they receive their entire salary in real money. Emotional \$30 orators are explaining publicly that this payroll will absorb the warrants paid into the state treasury as taxes. But privately, sponsors are beginning to wonder whether, if the public employees can refuse to accept the warrants, the state treasury won't be embarrassingly left with a batch of "scrip-tease cash" in the till, no real money to use and no outlet for the warrants.

If the plan carries, the administrator will try to circumvent such an impasse by falling back on (1) the section in the act which repeals all conflicting parts of the constitution and (2) the provision which bars injunctions, writs of mandate and other legal processes from interfering with the plan's operation. But sponsors aren't any too sure that these two lines of defense will hold against a group of 120,000 public employees determined not to accept the warrants.

The more realistic among the scheme's backers have figured that, if it is voted and then collapses, the state of California will lose from \$50,000,000 and \$150,000,000 chiefly in warrants paid to the state treasury as taxes. But they add, optimistically, that the experiment would be worth the trial even at double the loss.

Meanwhile, California is getting some fun out of the pension battle. A group of San Francisco wags have organized to promote "\$40 Every Friday For Fatties Under Forty."

4,000 Profit-Sharing Plans

WITH CONSIDERABLE interest—inasmuch as several hundred representatives have assisted in the groundwork—the busi-

ness community is waiting for the report of a special Senate sub-committee on employee profit-sharing systems. The sub-committee announced this week that it had reason to believe some 4,000 plans are in operation, and that it had received 700 answers to date on questionnaires sent employers. The sub-committee members, Vandenberg of Michigan, Herring of Iowa, and Johnson of Colorado, are expected to report during the next Congressional session, with recommendations of "best ideas" found during the survey.

What's a Drug Store?

California case against variety chains selling packaged drug products raises old question.

ANOTHER ROUND in the battle between the California Board of Pharmacy and variety chains over the sale of packaged drug products was fought last week when the Los Angeles municipal court threw out one of the city attorney's two cases against Woolworth on the ground that the citation was incorrectly drawn.

The Woolworth case was one of a series of actions brought by the board against that chain, along with W. T. Grant, Kress and Newberry, apparently in an attempt to sweep such products as mouth washes, gargles, cos-

metics and soaps off variety chain counters in California (*BW—Sep 3, '38, p. 24*). The board claims the state pharmacy law limits sale of proprietaries to transactions by licensed pharmacists.

Woolworth was cited twice by the city attorney for selling: (1) Presto Corn Remover, (2) Pepsodent Antiseptic. Last week the municipal court dismissed the first action. The Pepsodent case is due for trial next week. The Kress, Grant, and Newberry cases are awaiting trial in the Los Angeles Superior Court which has been asked to rule whether mouth washes, antiseptics and corn removers are "proprietary medicines."

It's entirely possible that the pharmacy board may drop the whole thing. It isn't in too strong a legal position, the campaign isn't making much headway, and the chains are rolling up imposing legal artillery with every intention of "making something out of it."

Must Give to Sell

Federal court tells walnut men to assign part of crop to AAA or stay out of interstate commerce.

A MINOR COURT DECISION which, if it holds through the U. S. Supreme Court, will have an important effect on busi-

New Seaboard Railway Fleet of Diesel-Electrics Takes Form



THE ORANGE BLOSSOM SPECIALS, leaders of the Seaboard Railway's fleet of Florida and Mid-South trains, will have diesel-electric power when their season opens December 16. Nine new 1800-horsepower diesel-electric locomotives for the road are now nearing completion in the plant of the Electro-Motive Corporation, LaGrange, Ill. Three of the locomotives will be coupled together to form the 5400-horsepower pulling units of each of the Orange Blossom Specials.

HOW HEATING COSTS ARE CUT WITH AMAZING **TRANE** Projection type UNIT HEATERS



TRANE MAKES IT POSSIBLE to heat working space with a saving in steam cost of 15% to 25% . . . Management is invited to investigate through us the results in over 800 important installations.

This powerful new projection type heater floods the floor level smoothly and quietly. Installed at the ceiling, it draws on



Saves Space

waste heat there, uses it, puts it to work.

It was designed to make this saving — and



A Bargain in Results

it does. Salvages valuable heat that formerly collected at the ceiling! A great engineering development, a long step forward in industrial heating economy and efficiency. We suggest that you try a test unit to find out how much it will do for you.

Let us tell you how much valuable ceiling heat you can salvage!

THE TRANE COMPANY

2026 Cameron Avenue, La Crosse, Wis.
or Trane Company of Canada, Ltd., Toronto.



ST. LOUIS HOSPITALITY

Is at its best in this comfortable, conveniently located hotel, where service and good food are a byword.

HOTEL Lennox

9TH AND WASHINGTON

Over 50% of all rooms \$3.50 or less, single; \$5.00 or less, double.

Save Handling Expense



Utilize all overhead space by piling materials ceiling high with a

BARRETT PORTABLE ELEVATOR

Save time, money, labor and space with either a hand or electrically operated Barrett Portable Elevator. Ideal for piling, loading trucks, hanging motors, filling hoppers, loading freight cars, handling dies and other lifting jobs. Made in all capacities, with any size platform and lifting height. Ask for our 124 page catalog containing over 375 illustrations.

WRITE TODAY
Barrett-Cravens Company
2844 West 38th Street
Chicago

See
WOODSTOCK
TYPEWRITERS

ALERT...ACCURATE...AUTHORITATIVE

BUSINESS WEEK INDEX REVISED

For years business men have been using Business Week's Index to compare their own company operations with general business activity.

But times change; so do economic concepts and business methods. In order to give our readers a more accurate and sensitive working tool, the editors have made basic changes in Business Week's Index, and have thus provided the business man with a yardstick which is even more adaptable for his own needs.

A special report to executives, "The Index of Business Activity . . . And How to Use It," tells how this was done, reports on the background of the Index, and illustrates some uses to which it may be put.

Subscribers may obtain a single copy without charge. Additional copies are available at 5¢ each. Write to Willard Chevalier, Publisher.

BUSINESS WEEK

THE EXECUTIVES
BUSINESS PAPER

330 W. 42d STREET NEW YORK

ness, has been handed down in San Francisco by the U. S. District Court of Appeals. It declares, in effect, that the government may compel corporations to give up a portion of their property for the privilege of engaging in interstate commerce.

Non-Compliance Penalized

Secretary of Agriculture Wallace issued an AAA order a few months ago requiring interstate walnut distributors in California, Oregon and Washington to assign 30% of their crop to a control board for marketing outside normal channels. Proceeds were to be returned to distributors in pro-rata payments or the walnuts given away to charity with no returns to anyone. If distributors didn't comply, they were to be barred from interstate commerce.

The Hudson Duncan Co., of Oregon, thought the Wallace dictum contrary to the due process and just compensation clauses of the Constitution. The U. S. District Court in Oregon agreed. Last week the Circuit Court, in a ruling signed by Judge William Denman, upset the Oregon decision and held that Wallace's order isn't confiscatory because the company has the alternative of limiting operations to intrastate business. The case will be appealed to the U. S. Supreme Court.

Illinois Oil Rush

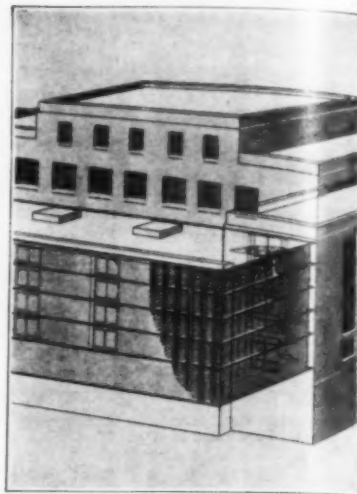
State without production regulation sees oil companies hurrying to bring in wells.

NATIONAL PRODUCTION of crude petroleum is running around 3,240,000 bbl. daily. Compared to this immense flood, the 77,000 bbl. daily output of the new southern Illinois field seems like pretty small potatoes. But the industry is intently watching the development of these deposits.

Mid-Continent and Texas oil fields produce under strict curtailment enforced by state officials. Illinois has no laws for regulating production and well owners are allowed to bring up as much oil as they can sell. Proximity of her fields to big refining and consuming centers gives Illinois an edge over her older rivals. These factors have stimulated the greatest activity in both proven and wildcat areas.

Pure Oil (BW-June 38,p37) first developed the Illinois field and was way out in front when the scramble for leases started. This company, which brought in its first well in February, 1937, and during the following month brought in a well producing 1,100 bbl. daily, is still the leader in the field. Pure has 150 wells in Illinois, producing 21,000 bbl. of oil daily. But drilling by other companies, for the most part within the last

Building's Frame Serves As Storage Space



BUILDERS OF INDUSTRIAL plants using storage space of the book-case type might well employ a new construction idea to be embodied in the Oregon State Library in Salem, Oregon. The library's steel cases, to handle 450,000 volumes, will also be the framework of the structure, saving space and cutting material and construction costs. Glenn C. Underwood, engineer of the W. R. Ames Co., San Francisco sheet metal firm, is responsible for the idea.

30 days, has shot production upward.

Pure Oil's closest rival at the moment is the Texas Co., which has brought in a well that shot 1,049 bbl. in 16 hours in Wayne County, another producing 1,135 bbl. daily in Marion County, and numerous others producing from 125 to 700 bbl. in Wayne, Marion, and Richland counties.

Other Concerns Drill in Field

The Ohio Oil Co., which, like Pure Oil, has some small wells in the old Lawrenceville field, near the Indiana line, has brought in several wells in Richland County in the new field. The Carter Oil Co., subsidiary of Standard Oil of New Jersey, has brought in a number of wells in Jefferson and Fayette counties, and is drilling in Effingham County. Magnolia, subsidiary of Socony-Vacuum, has brought in two small wells in Fayette County. Shell has brought in a small well in Clinton County, and is doing additional drilling. The Superior Oil Co. of California is drilling in Marion County. The Phillips Petroleum Co., which holds large blocks of leases, has not yet begun drilling. But Frank Phillips, president, has said it would do so soon.

At last year's session of the Illinois legislature several bills to regulate production were introduced. All, however, died painless deaths "in committee."

Train Foremen for Labor Peace

Management men organize national program to increase value of foremen in industrial relations work. Clubs to be set up in plants.

BUSINESS MANAGEMENT in the industrial area in and around New York City, with heartfelt good wishes from associates in other parts of the country, took up this week a problem which "everybody talks about but nobody does anything about." The newly-formed New York Association of Foremen's Clubs, Inc., got off to a good start on its job of training foremen in modern industrial relations.

The meeting, held in a hotel ballroom, was the fruition of months of work, but only the beginning of a program which may mean much to both management and workers. Ideas expressed by some of the 600 foremen and 400 higher supervisory men at this first session indicate that the well-known "insulation" between management and the foreman is breaking down. The setting-up of many new foremen's clubs is aimed at eliminating that insulation. By education in diplomacy and correct negotiation the association hopes also to wear down industrial relations foremen and workers.

Notable in the initial approach of the new association is the realism shown and the open exposition of its aims. Development has been carefully steered by an executive committee which includes some of the best men in industrial relations work. And, before a word was spoken publicly, the full cooperation of many sectional and national groups was assured (BW—Aug 27 '38, p26).

Organized Labor Told of Aims

As explained to the thousand-odd conferees this week, the movement is not anti-union—neither is it pro-union. Presence of such men as C. S. Ching of U. S. Rubber, T. G. Spates of General Foods, E. C. Brehmer of the Texas Co., A. C. Horrocks of Good-year, and N. D. Huff of the Ford Instrument Co., either as speakers or on the executive committee, reassured those in the audience who were watching for any indication that the sponsors might be bent on a union-busting drive. An off-record actuality was the fact that organized labor's representatives had been informed, before the meeting, of its originators' purposes and hopes.

Neutral business observers, who see in the foremen's clubs a chance to bring management, supervisory forces, and workers into a more sensible partnership, are inclined to be optimistic about the association's future. Begin-

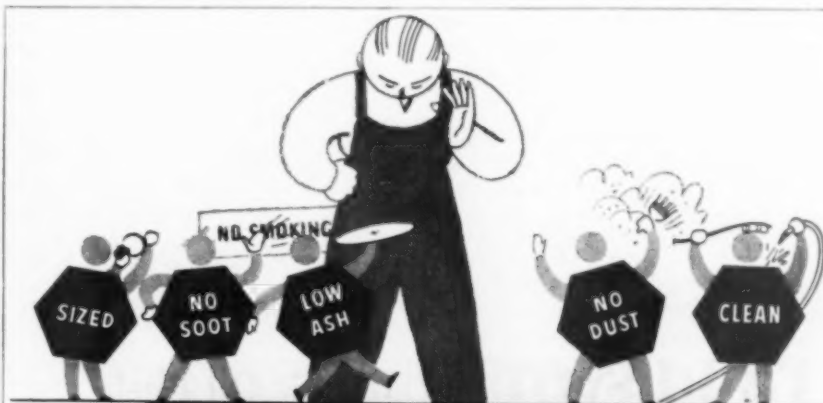
ning next week, the delegates to the New York meeting will be getting other foremen in their own shops together as nuclei for permanent clubs in the association. From the experience of the National Association of Foremen's Clubs (founded principally in the Middle West), they know what steps to take and what mistakes to avoid in setting up a workable framework.

The education program will be developed in two ways—jointly, as in the meeting of this week, and locally

in the larger clubs and smaller groups. Foremen will be "brought up to date" and kept there by regular instruction and discussion, covering not only industrial relations but economics, plant structure, regulation of production, community relations and allied subjects. Training courses agreed upon and developed in general meetings of the association will be passed along and recommended to the constituent groups.

Higher Executives Invited

Brand-new to many foremen's clubs which have in the past followed the slogan "this club is for foremen only" is the emphasis now being put on the desirability of opening the club doors to higher executives. The major membership of the clubs, naturally, will always be made up of foremen, but



"SEE IF KOPPERS MAKES IT"

The growing use of domestic stokers brought a demand for a special coal suited for stoker use. It must be of a uniformly small size, to avoid the noise and racking of the machinery which results when large lumps are crushed. It must be smokeless and free from soot. It must have low ash and an ash that clinkers properly to facilitate removal. It must respond rapidly to demands for heat and hold the fire long periods without attention.

Koppers has met all these demands with Koppers Processed Pocahontas Stoker Coal. It comes from a field particularly favored as to quality and heating properties, and is washed in Koppers-Rheolaveur Plants and dustproofed by a patented process.

KOPPERS COMPANY • PITTSBURGH

"SEE IF KOPPERS MAKES IT"

BOILER AND POWER PLANTS • CASTINGS • COAL AND COKE • COAL CLEANING PLANTS
• COKE AND GAS PLANTS • CREOSOTE • DEHYDRATION PLANTS • D-H-S BRONZE • FAST'S
COUPLINGS • WESTERN FIRE HYDRANTS • INDUSTRIAL CHEMICALS • MUNICIPAL INCINERATORS
• PISTON RINGS • PLATE WORK, TANKS • PURIFICATION SYSTEMS • RECOVERY PLANTS •
SEWAGE DISPOSAL EQUIPMENT • SHIPS AND BARGES • ROOFING • TARMAC ROAD TARS
• TAR PRODUCTS • TREATED TIMBER • WATER GAS GENERATORS • WATERPROOFING • VALVES

K O P P E R S

supervisors, plant managers, and executives all the way to the top are being invited to enter the New York association and member clubs. This development widens the opportunities

of the clubs to get first-hand, highly competent advice and counsel right at home, and ties the lowest ranks of supervision much more closely to the higher ones.

LABOR ANGLES

DIPLOMATIC DECLINATION

BOTH JOHN LEWIS and William Green managed to get out of an invitation which at first (*BW—Sep 17 '38, p 20*) seemed likely to lure them onto the same platform. Asked to speak at the dinner in New York honoring "Ed" McGrady of R.C.A.—a request which was difficult for either to decline without a very good excuse—Mr. Green discovered that the A.F.L. convention in Texas six days later required his early presence; Mr. Lewis decided to come home from Mexico by ship, arriving too late to consider the date.

TELLING EMPLOYEES

ANOTHER COMPANY has sprung a semi-annual "report to employees" on a studious management world. Monsanto Chemical Co., of St. Louis, is sending a compact financial and business report to all workers, over the name of Pres. Edgar M. Queeny, and wrapped up in

one of the slickest of all employee magazines. The company's first annual report to employees came out last spring.

NLRB'S "BIG CASES"

OFF THE FRONT PAGES, perhaps, until election day, the NLRB's "big cases" still await final settlement. To remind readers who may have forgotten them, the companies involved are Ford, Republic Steel, Bethlehem Steel, Inland Steel, Consolidated Edison, National Steel. They are "big" not only because of the size of the companies, but also because of the intense public interest each has aroused. Ford, Republic, and Inland were among the five cases "pulled back" for review last spring (the other two were the Heinz and Douglas Aircraft cases). Bethlehem and National Steel have been subjects of extended investigation and hearings, but orders haven't come down yet—and probably won't for some time. Consoli-

dated Edison (with its perplexing "commerce" angle) will be up for review by the Supreme Court during the coming 1938-39 sitting. Unions interested in organizing companies concerned in the "big cases" seem to have slowed down their attack appreciably. There is probably just as much time and thought spent on them at union headquarters, but labor feels the Court itself can now "lead the way" since it has been coming through with liberalized verdicts.

ANDREWS UNDER WRAPS

ALL INTERESTED PARTIES are being reminded these days that the new wage-hour division of the Department of Labor has very little money (about \$350,000) and consequently couldn't do a big, circus-type job even if Administrator Andrews wanted to. A deficiency appropriation will be asked when Congress meets, next year. Until then, Mr. Andrews will get along with a short staff, in temporary rented quarters, and will set up only three or four committees. After textiles (which begins operating next week) will come tobacco, dresses, and cotton garments.

C.I.O. IN RELIEF

THE C.I.O. STRATEGY of organizing the relief workers is beginning to move into its second phase: expression of unilateral appeals for "more" for this class. Last week the United Automobile Workers announced its "WPA Department" was sending representatives in to see Harry Hopkins, seeking a minimum wage of 75¢ an hour, guaranteed 120 hours work a month, elimination of all geographical differentials, and new grievance machinery for relief workers.

EMERGENCY POWER

MAYOR LA GUARDIA's action in breaking up a wage and hour deadlock between New York truck owners and drivers this week, by declaring a city emergency and moving piled-up freight in a fleet of sanitation trucks, caused many another city to think hard. If one town could thus boldly grasp a community tieup and get things to moving, others might learn something about handling strikes, lockouts, and boycotts. Even in Washington, where thoughts are mostly arranged on a national scale, the La Guardia method evoked wide comment and speculation on development of the "action in the public good" idea.

COST-CUTTING CONFERENCE

SO IMPORTANT is the matter of keeping unit costs down, right now, that the American Management Association is moving its annual Production Conference up by five or six months. Usually held in the spring, this meeting (in New York) is set for Nov. 9-10, because of members' pressing demand for discussion before Congress meets.

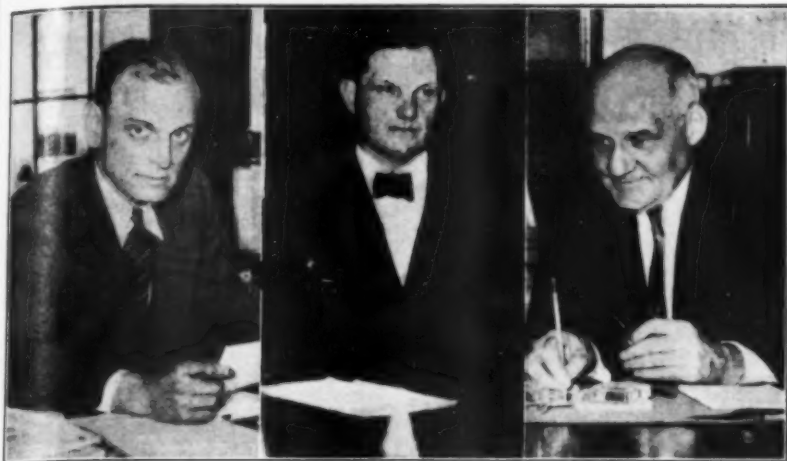


IN YOUR INDUSTRY

Stainless steel roller chain is the answer to conveying operations when rust and corrosion must be avoided.

BALDWIN-DUCKWORTH CHAIN CORP.
SPRINGFIELD and WORCESTER, MASS.





Underwood & Underwood

FACT-FINDERS—These three men form the commission appointed this week by the President to make an investigation and report back in 30 days on the facts behind the wage dispute between the railroads and their employees. Left to right, the commissioners are: James M. Landis, dean of the Harvard law school and former chairman of the Securities and Exchange Commission; Chief Justice Walter P. Stacy (chairman), of the North Carolina Supreme Court, an investigator or mediator in half a dozen previous rail disputes; and Harry A. Millis, University of Chicago economist and former member of the National Labor Relations Board.

Rail Strike Vote

It's just another turn of the machinery that can keep on grinding for a long time.

RAILWAY LABOR, thoroughly unionized and accustomed to speaking collectively through its representatives, turned its dispute with management over suggested wage cuts into the established channels of arbitration this week. In so acting, through a "strike vote," which in reality is a threat to strike, the unions brought the attention of the country around again to the railway mediation procedure which often is suggested as a pattern for other industries.

As it has done before (*BW*—Jun 26'37, p14), the strike vote opens the way to further action on the part of the mediation board, which already has spent most of July and August in trying to find a compromise basis. Under the Railway Mediation Act the next steps are these:

1. The mediation board notifies the President of an emergency and he appoints a fact-finding commission. (He named the commission this week after the union's vote to strike was announced.)

2. The commission holds public hearings, listens to all sides of the argument and studies the statistical evidence, then makes a report. During the 30 days allowed by law for this work, both sides must maintain the status quo.

3. Another 30 days must pass after the findings are made, without direct action on either side. During this time the mediation board can again offer its services, if no agreement seems

likely, and thus the matter can be further prolonged and the act's promise of uninterrupted commerce can be sustained.

So accustomed have the employers and unions become to this procedure, that no one expects a strike on the railroads, now or later. Business expects at least three months of slow negotiations and hearings—perhaps more. In any event, the pressing problems of the railroads, that now constitute a "top subject" for the government and the nation, probably will stay up on top right through the closing year and into the sessions of an expectant Congress.

Electro-Industry Data

Report shows power requirements and trends of electrochemical and electrometallurgical industries.

INDUSTRIES using electric power for manufacture or processing of chemicals and metals constitute one of the great groups of manufacturing enterprise which in recent years have run far ahead of their so-called "boom-year" peaks. Even in 1936 these industries did 7% more business than in 1929. And continued expansion, which is clearly indicated by all present trends, forecasts a further increase amounting to about 33%, "probable within 5 years."

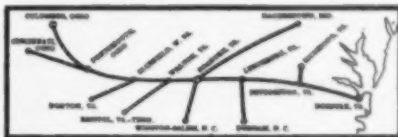
Use "Process Power"

Major enterprises in this group of industries make aluminum, copper, ferro-alloys, chlorine and caustic soda, and heat treated metals. Other smaller



In Time of Harvest

Frost is on the pumpkin and the fodder's in the shock! And once more, fertile farm lands have yielded abundant food for the nation. In the effective distribution of farm products originating from or destined for points in the territory served by Precision Transportation between the Midwest and the Virginias and Carolinas and between the North and the South, the Norfolk and Western Railway's freight-carrying facilities are coordinated to provide the utmost in prompt dispatch and dependable freight movement. There's a full harvest of safety, economy, and dependability awaiting your shipments via the Norfolk and Western. Call or write any representative of the Freight Traffic Department for complete information.



1838—A CENTURY OF SERVICE—1938

NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

**"Who
suggested
that up-state
connection?"**

**"My bank—
the Marine
Midland Trust
Company"**



**The
Marine Midland
Trust Company
of New York**

120 Broadway

MEMBER OF FEDERAL DEPOSIT
INSURANCE CORPORATION

units, whose power requirements are measured only in tens or hundreds of millions of kilowatt hours per year, include: zinc, calcium carbide, synthetic nitrogen, carbon and graphite, abrasives, magnesium, and potash. The accompanying table shows the millions of kilowatt hours of electric energy consumed per year in the recent past (1936), and the probable needs of the early future.

In the case of all these electro-thermal and electrolytic industries the process power (as distinguished from the power to make the wheels go round) is an important part of the total cost of the products made. If one assumes that this energy costs the enterprise only 0.5¢ per kilowatt hour, the power bill is 30% of the total selling price of the finished product for typical operation in the case of aluminum, from 17% to 20% in the case of zinc, magnesium, and metallic sodium, and from 30% to 45% for important ferro-alloys. Manufacture of these products cannot go on at all without this energy because the processing is essentially electric. In few cases would it be technically possible, and in none economically feasible, to substitute coal, oil, or gas for the electric energy.

Valuable Data Collected

Uncle Sam got into a study of the fundamentals of electro-industry in an effort to appraise the national power situation. The work was a part of the National Power Survey begun by the Federal Power Commission under Congressional orders about five years ago. Industrial executives cooperated by furnishing a tremendous amount of detailed data never before released from their private records. The result has been put together and issued this past week in a special FPC document, to make up a handbook which chemical engineers and metallurgists say is one of the most comprehensive and detailed ever made available to them.

At no point in this report is the current controversy between public ownership and private control of utility enterprises an issue. Electric furnaces are not concerned with the source of the power, provided the bookkeeper does not need to write down too high a cost figure for the energy when calculating profitable sales prices for the products.

One New Sales Tax

Philadelphia only city to adopt local sales tax this year. But 23 states have them.

THE CITY SALES TAX LAW, for all that it's a known producer of added revenue for municipal coffers, isn't turning out to be so popular as its parent, the state

Consumption of Electric Energy per Year (From Federal Power Commission Survey)

Product	Past Require- ments kw. hr. (in 000,000)	Future Re- quirements Probable Within 5 Years kw. hr. (in 000,000)
Aluminum	2,597	3,600
Copper	2,600	2,500
Zinc (electrolytic)...	515	850
Magnesium	39	100
Chlorine and caustic soda (electrolytic)...	1,568	1,900
Electric furnace iron.	105	200
Electric furnace steel.	743	1,100
Electric furnace ferro- alloys	1,752	2,500
Heat treating.....	2,200	3,000
Artificial abrasives...	87	116
Calcium carbide.....	550	1,100
Carbon and graphitized products	196	300
Nitrogen	288	375
Potash	84	140
Total	13,324	17,781

sales tax. Twenty-three states have sales tax laws now, which bring in \$350,000,000 annually—making them the third most important source of all state revenue, after gasoline and motor vehicle license taxes. But only eight cities have so far enacted sales tax laws. And in 1938, says the Federation of Tax Administrators, only one of those cities, adopted a new law.

New York City renewed its 1934 sales tax this year, and New Orleans substituted a 1% sales tax for a 2% luxury tax, but Philadelphia is the only new 1938 entry in the field. As is customary with all sales taxes, these are all known as "emergency" levies, and the laws are limited to one- or two-year periods. The revenue derived from them is used for relief and public welfare expenditures.

States Reserve Taxing Rights

One reason why the city sales tax isn't sweeping the country is that most of the 23 sales tax states reserve the right to levy such a tax to the state. In West Virginia, where the state law has no such restriction, the cities of Charleston, Huntington, Bluefield and Morgantown have been collecting sales taxes for several years. Before June, 1937, a number of Missouri cities had them too; then the state legislature passed a law barring municipalities from exercising this power and St. Louis, which has the status of a county, is now the only one left with a tax. New Orleans, which obtained special permission from the state to collect a sales tax, gets its revenue from the state. New Orleans residents pay 2% instead of the regular 1% state tax; the entire tax is administered by the state and turned over to the city treasury.

New England's Storm Market

Millions must be spent to repair damages caused by hurricane and flood to homes, industry, public works, farms, and shipping.

BUSINESS RECOVERED PROMPTLY from the shock of the tropical hurricane which swept New England last week, and buckled down to the job of reconstruction. Translating the damage into demands for replacements, it found a market for about \$300,000,000 worth of labor, materials and equipment. It is estimated that rehabilitation will require six to eight months' work by 200,000 men.

New housing is going to be needed for some 30,000 families. Reconstruction costs of all buildings may run as high as \$25,000,000. The demand is bound to be felt by industries supplying lumber, glass, hardware, plumbing and hundreds of other items.

Electric Distribution Hit

Precautions taken after the 1936 flood were credited with the comparatively small damage to central power stations. Full weight of the blow was felt by electrical distribution systems. Costs of replacing power lines and accessories are expected to reach \$10,000,-

000. Probably 1,000 tons of triple-braided weatherproof wire will be required by the utilities affected. One power company ordered 5,000 poles the day after the storm.

The New England Telephone & Telegraph Co. estimates its losses at \$5,000,000. It will require 25,000 poles and 25,000 miles (the distance around the Equator) of new cables and wires. Railroads will have to forget their deficits and spend millions for new fills, track, bridges, equipment. The New Haven railway put up 1,000 miles of communication wire in six days following the hurricane. Thousands of automobiles were caught in the floods. This will stimulate work in repair shops, sales of new parts, demand for new cars.

In little Rhode Island homes for 10,000 families will have to be rebuilt. Cost of supplying this shelter will be about \$100,000,000. Over \$5,000,000 must be spent on new bridges and other highway work in the state.

Connecticut lost 150 bridges. Repairs

to highways and other state property will call for \$6,000,000. Massachusetts' requirements for new bridges and highway work will amount to at least \$8,500,000. In Vermont cost of repairing highways is placed at \$3,000,000. Highway damage in New Hampshire is figured at \$2,000,000. For the New England states and New York, labor and industries supplying road materials should get about \$25,000,000 in orders as a result of the hurricane.

Forests Suffer Damage

The lumber market is going to feel the effects of destruction in the forests of Vermont, New Hampshire, Maine, Massachusetts. In New Hampshire alone some 750,000,000 ft. of white pine timber were blown down. An estimated \$15,000,000 will be lost unless it is immediately salvaged. Saving this timber would provide jobs for 5,000 men. But some agency would have to finance the holding of pine to prevent upsets in price. Forest damage in Massachusetts is placed at another \$15,000,000 and losses in other states of the region were certainly as much in addition.

The expensive shade-grown cigar wrapper tobacco of the Connecticut and other valleys was hard-hit. Most of the 1938 crop had been harvested. Wherever barns were wrecked the con-

Louisiana Planter's Sugar Cane Harvester Does the Work of 50 Men

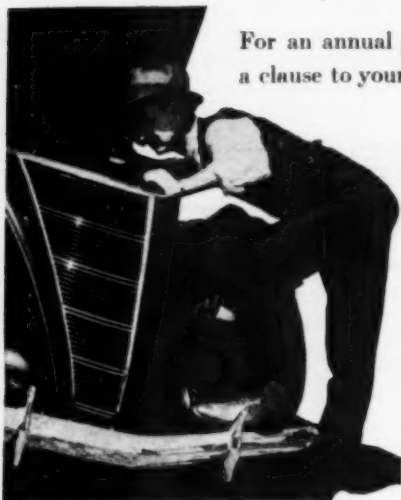


SINCE 1795, when sugar cane was brought to Louisiana, the crop has been harvested by the swinging machetes of Negro field hands. Planters have dreamed of a cheaper method of harvest, and the U. S. Bureau of Agricultural Engineering has long had its hand out for an experimental appropriation. Last week an inventor-planter, Allan Ramsey Wurtele (right above), of Pointe Coupée Parish, La., demonstrated a machine of his own making that may answer the planters' dream.

In a two-day public test, Wurtele's harvester, powered by an ordinary tractor, trundled down roads, climbed in and out of ditches, cut through a field of twelve-foot cane, topping, stripping and bunching the stalks at the rate of a ton every three to four minutes—the work of 50 men.

The Bureau of Agricultural Engineering plans to send a man to Louisiana next week to examine Wurtele's machine and scout around to discover if other growers and mechanics have promising ideas buried by lack of funds. Interest attracted by Wurtele's invention may induce Congress to appropriate possibly \$75,000 for experimentation. The Bureau is disposed to regard the development of a windrowing machine as perhaps of more immediate importance than a harvester. Windrowing—resorted to when frost endangers the crop and speed is essential—consists in cutting the cane and laying it in the ditches between rows, where it will be protected by its leaves. A windrowing machine would presumably be much cheaper and simpler to develop than a harvester.

WHY PAY TO TOW IN SALESMEN?



For an annual premium of only \$2, you can add a clause to your salesman's automobile insurance which protects you against service and towing costs in case of stalling or breakdown on the road. This is one more feature of *Atlantic Automobile Insurance* which . . . non-assessable and profit-participating . . . brings you reliable protection and ungrudging loss service at economical net cost.

Sold through brokers

MARINE • YACHT • INLAND
TRANSPORTATION
FINE ARTS • JEWELRY
FUR • REGISTERED MAIL
AUTOMOBILE AND
FIRE INSURANCE

ATLANTIC

1842
MUTUAL INSURANCE CO.

Atlantic Building, 49 Wall Street, New York

Baltimore • Boston • Chicago • Cleveland • Newark • Philadelphia

ASK YOUR BROKER ABOUT ATLANTIC INSURANCE

What do leading business men recommend as workable means for dealing with the problems of unemployment?

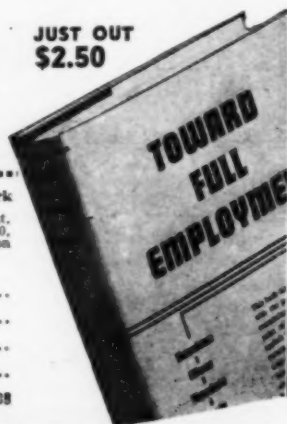
TOWARD FULL EMPLOYMENT

BY HENRY E. DENNISON, LINCOLN FILENE,
RALPH E. FLANDERS, MORRIS E. LEEDS

In this new book the authors suggest definite means for dealing with the problem of unemployment, considering the situation from the standpoint of preventive measures to be applied in the early stages of business recession. They present a program for the orderly provision of employment through fluctuating government activity and expenditures on a pre-planned and pre-budgeted basis.

Securities and Exchange Commissioner Jerome Frank says of this book: "Coming at a period when economic difficulties cause many persons to accept formulas in place of dispassionate judgment, this book is a most significant indication of the fact that among our industrial leaders are constructive thinkers, willing to adjust traditional attitudes to new circumstances in such a way as to make possible the preservation of our economy under a political democracy."

JUST OUT
\$2.50



McGraw-Hill Book Co., Inc., 330 W. 42nd St., New York

Send me Dennison, Filene, Flanders, Leeds—Toward Full Employment, for 10 days' examination on approval. In 10 days I will send \$2.50, plus few cents postage or return book postpaid. We pay postage on orders accompanied by remittance.

Name

Address

City and State

Position

Name of Company B.W. 10-1-38

(Books sent on approval in U. S. and Canada only.)

tents were seriously damaged by rain and flood waters. In all some 2,000 barns were blown down. Allowing for salvage, total damage to tobacco and barns is estimated at \$5,000,000. Replacement of barns (at \$2,000 to \$4,000 each) will create heavy demand for lumber, hardware, labor. Much high-grade tobacco worth \$1 to \$2 per lb. before the storm must be ground up for filler and sold at 5¢ to 10¢.

The wrapper tobacco crop was only about half of normal before the disaster. Carry-over from previous years was not large. Result should be a substantial price rise in grades affected.

Shore Line Construction Needed

The replacement demand along the shore lines is as large comparatively as that inland. Homes, both summer and permanent, will have to be erected; docks, piers, breakwaters, coast guard stations restored; boats salvaged or replaced. In Rhode Island alone 80 miles of concrete sea wall must be built. Block Island fishermen reported that 36 boats out of a fleet of 56 were sunk or washed out to sea. They will cost \$1,000 to \$4,000 each to replace. In addition nets and other equipment must be bought.

Where is all the money to come from?

Insurance coverage for hurricane and flood damage in the stricken states was negligible. The Red Cross is taking care of immediate human needs. Costs of rehabilitating stricken inhabitants are far too heavy for states and municipalities already bowed with debt. All eyes and hopes turn to Washington.

Power Row Held Up Dams

Embarrassment is evident in the federal government's eagerness to aid. It can't be blamed for the wind and tidal wave which swept Long Island and Rhode Island shores, but it might have prevented some of the river damages. Two years ago Congress authorized a flood control system for the Connecticut and Merrimack rivers. Dam construction was held up by a squabble with the states over control of power sites incidental to the plan. Resentment against the Administration's delay may be felt in the November elections.

WPA and CCC labor is available for full repair of public property. Private construction will get aid from the Disaster Loan Corp., an RFC subsidiary. The FHA will also help. In rural areas loans for new buildings and livestock will come from the Farm Security Administration. The RFC will operate chiefly in cities and towns. Collateral for advances will be land, remaining buildings, and even good repute. Experience in the Ohio valley showed that prompt liberality begets punctual repayments.

Money and the Markets

Response to first news of four-power conference reveals vigor of recovery movement masked by war scare. Good tire sales boost rubber.

IMPORTANCE OF THE WAR SCARES was never so obvious as when, last Wednesday, it seemed clear that the world clamor for peace was not to be denied. The calling of a four-power conference to map a Sudeten settlement released the flood of hopes for domestic recovery, long pent up; it sent prices booming on the world's securities markets; it bolstered frantic foreign exchange dealings; it took the starch out of war babies among the commodities while it sent quotations for peace-time raw materials soaring.

The Markets' Verdict

There have been most encouraging signs of vigor within domestic industry. Fear of war's consequences alone seems to have prevented a potent autumn upturn. There could have been no clear indication of what the financial centers see ahead than Wednesday's boom in stock prices.

No sooner had Neville Chamberlain told the British parliament that Hitler had invited the premiers of Italy, France, and England to meet with him in Munich on Thursday, than Wall Street went wild. In a twinkling, early declines of 1 to 3 points on the New York Stock Exchange were converted into substantial gains. U. S. Steel, surging up 5 points from the early low, was an outstanding leader.

Wall Street Viewpoint

HITLER was speaking: "The time has come to talk business."

The partners in a large brokerage firm crowded closer to the radio, cocked their ears, waited on the words. "The Sudetenland is the last territorial demand I have to make in Europe, but it is a demand from which I will never recede." There was a stir in the small, private room. "My memorandum (to Mr. Chamberlain) is the last and final one." The brokers rolled their eyes. Then a messenger came into the room. He handed a slip of paper to one of the partners. The partner looked at the paper, interrupted the broadcast:

"Steel, 53½," he read.

Wall Street was back to normality. It was once more attending to business.

The rush of buying orders put the high-speed quotation ticker 6 minutes behind the market. Traders had the greatest difficulty getting together on quotations. In many leading stocks trading had to be stopped until price

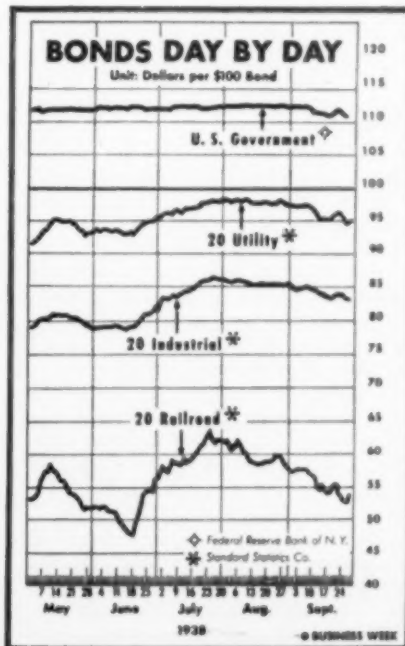
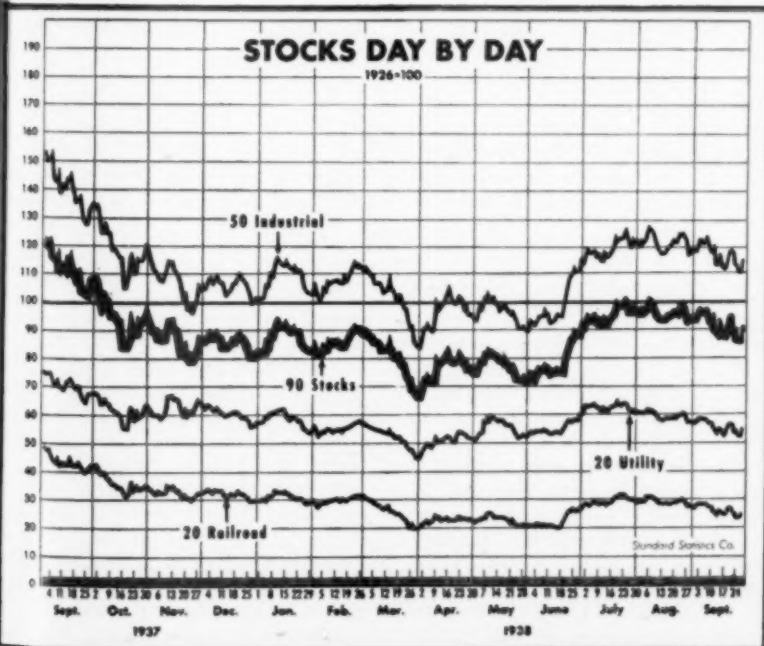
ideas could be adjusted. In General Motors, for instance, trading was discontinued at 10:30 when the quotation was at 41; not until 10:49 was the next transaction completed—12,000 shares at 43½. Similarly, trading in Chrysler was discontinued at 10:31 with the price at 66; next sale was 10,000 shares at 67½ some 20 minutes later. In the case of Montgomery Ward, trading was stopped at 10:30 with the last sale at 40½. Here an even longer delay ensued before 5,000 shares were traded at 43.

This initial rush of buying included a substantial volume of short covering. The market thereafter was quieter, but there were persistent buying orders from all over the country from people who had been hoping for such a turn in world affairs.

Rubber Price Soars

One of the most dramatic rises in the commodity markets was that in rubber. Crude rubber in the preceding couple of weeks had sold off about 2¢ a lb. from its 1938 high around 16½¢. It had been acutely weak on Monday and Tuesday, dropped 70 points more in early trading on Wednesday. Rallying with other markets, the price of futures on the New York market shot up so fast that it not only wiped out the early loss but added a net gain of approximately 30 points—a rise of a full cent a lb. from the Wednesday bottom of 14½¢.

The outlook for rubber, so far as this country is concerned, is bolstered by unexpectedly good news from the tire industry. August shipments of tires by manufacturers totaled 4,045,540 units, the best in 12 months ex-



cept for last June. For the five months ended Aug. 31 the tire industry gave a very fair account of itself, all things considered. Production was cut so sharply that stocks of tires in manufacturers' hands have been hauled down to the lowest level since August, 1936. At the same time, replacement demand for tires has been exceptional. August replacement sales, it is reliably reported, were the largest in more than three years.

Metal markets were greatly relieved by the four-power conference announcement. There had been acute fears that metals would be placed under rigid government control in case of war. Particularly gratifying is the extraordinary volume of orders for lead booked in the second and third weeks of September.

Man of the Hour—Harassed by crisis after crisis in Europe, the financial world relaxed for at least a moment late Tuesday afternoon. The Dow Jones news ticker had just tapped out an item from Prague, then a piece of strike news from Detroit. Whereupon it stopped to say:

"Hank Greenberg of the Detroit Tigers clouted homers No. 57 and 58 today and moved to within two of equalling Babe Ruth's all-time record of 60."

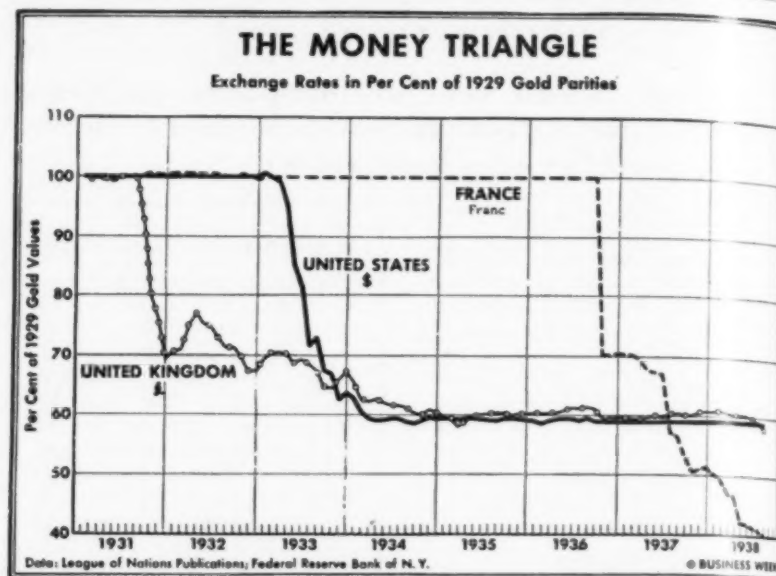
Then back to the desultory news that the State Department had authorized U. S. liners to bring additional passengers back to the United States due to the European turmoil.

The Great American Thirst—A little over a decade ago—when things were booming in this country and when the dry régime made Canada look to thirsty Americans like a sparkling oasis—the Detroit International Bridge Co. sold about \$20,000,000 in bonds. A giant bridge was erected across the Detroit River.

It wasn't as though there was no means of getting to Canada—on business or pleasure. The ferry boats had been plying from Detroit to Windsor for many, many years. Moreover, a couple of years later there also was to be completed a vehicular tunnel.

But in the days of 1927 and 1928 transportation facilities were wholly inadequate of a summer holiday when the prosperous citizens of the motor capital set forth on pleasure bent. So the bonds of a bridge built to slake the great American thirst appealed strongly to the investors of that fat and carefree era.

With the crash and, later, repeal of prohibition it isn't surprising that the bridge company fell upon hard times. Interest on its bonds were defaulted as early as 1931, and no payments have since been made. So, on May 26 of this



year, the bridge company was obliged to seek to reorganize under Section 77-b of the Bankruptcy Act. Presumably its new securities will sell ex-thirst.

And Now Comes the SEC—The reorganization of the bridge company is interesting in itself, but it assumes real significance by reason of the fact that U. S. District Judge Arthur F. Lederle asked the Securities and Exchange Commission to become a party to the proceedings. This invitation was extended under the Bankruptcy Act as revised through the Chandler law passed at the last session of Congress. The commission accepted and thus for the first time will take an active part in a corporate reorganization.

As frequently pointed out in these columns, the SEC will assume an increasingly important role in corporate reorganizations. SEC Chairman W. O. Douglas for many years has been highly critical of reorganization methods; he and his associates dictated the changes made in the bankruptcy law in the Chandler Act. It can safely be predicted that their interest wasn't just academic, that they will undertake their new duties and privileges with a will.

In this connection, the SEC this week made public a statement of its plans under the revised Bankruptcy Act. In brief, it feels that it can offer the court valuable services in reorganizations, but it intends to act in a "purely advisory" capacity.

What "pure advice" may turn out to mean remains to be seen. When the SEC gets interested in a financial proceeding, it's inclined to trace down all the ramifications. If it smells a rat in any given case, the commission is inclined to turn on the heat. This was proved in a reorganization case which was entered by the SEC under the authority vested

in it under the Public Utility Act of 1935.

That was the case of the Utilities Power & Light Corp. A battle for control and voluminous litigation prompted the SEC to step in. The commission at once demanded appointment of an independent trustee—a pet idea which later was incorporated in a Chandler Act provision which makes an independent trustee compulsory in all cases involving more than \$250,000. Since that time the SEC's attitude in the U.P.&L. case may have been strictly advisory, but the commission has been anything but idle.

It's quite true that the SEC's privileges and duties under the Public Utility Act are quite different from those under the revised bankruptcy statutes. Yet the commission's course in the Utilities Power & Light case throw enough light on its ideas and goals to be significant to anyone interested in the operation of 77-b.

Economy—One of the first major steps in the New York Stock Exchange's campaign to cut its cost of operation was adoption of a system called "term settlements." The idea was to handle deliveries of securities through the Big Board's Stock Clearing Corp. twice a week instead of every day.

These term settlements have been in effect since Sept. 1, and the Stock Clearing Corp. is prepared to say that the idea has been fruitful. Its president, Isaac R. Halliday, brings forward a pile of statistical evidence. It boils down to the facts that the number of deliveries is reduced by about half, and that speed in handling clearances is substantially increased. Sooner or later, the settlement term probably will be lengthened to a week; later still, as in London, it may be two weeks.

WAR CHECK-LIST FOR THE BUSINESS MAN

It is "x" day. At the breakfast table, the business man reads the fat black headlines: "War Declared." Hungrily he devours the details, forgets his eggs and lets the toast get cold. Still absorbed, he starts for his office—all the while thinking of the horrors of the last war, the probable destruction of the new. On the way, there's a hubbub—men talking in whispers, speculating on whether America will get in.

At his office, he says "good morning" to his secretary, begins reading his mail. As he slips into the routine, the first flush of shock disappears. Once again, he's a business man—concerned with getting out that rush order to the XYZ Wholesale Corp., and settling satisfactorily the dispute

with the Gemini Knitwear Co. over that defective shipment.

Yet, while he's working through the detail stuff that business is made of, the business man is reflecting on the wider implications of that fat, black headline. What does war mean to him—in his business? Should he halt his orders for inventories, should he call a moratorium on present prices, should he just sit tight and watch what happens?

As his mind searches for clues to his own future business decisions, he jots down notes to factor out the plus and minus signs of war. When he's done, his summary might look something like this:

IN GENERAL

RIGHT NOW, business is pretty fair. According to the *Business Week* Index, things have picked up 20% in 14 weeks. That's a fast gait, and business isn't going to move along at that clip indefinitely. A breathing spell would be in order between now and next summer. But the main point is that business has started up. It's a question whether a declaration of war can check that momentum and turn it around in the other direction.

Everyone recalls that in 1914 business froze up. But then the momentum was down anyway, and the impact of war accelerated that momentum. Yet, later, food exports soared, and finally, the heavy industries got busy on war orders. Maybe the Neutrality Act will shut down on munitions shipments this time, but there's a lot in the *matériel* of war besides armaments.

There's another point. People in this country won't stop eating, or replacing clothes, or paying rent because there's a war in Europe. Nor will President Roosevelt's pump-priming program stop all of a sudden. And, with federal spending rising rapidly—as it has been—it's bound to help purchasing power and business.

All in all, the worst part of a declaration of war—looking at it from the realistic business angle, and not from the social angle—is the shock. But business got over the 1914 shock pretty fast, even though guns began popping on very short notice. For six months now, there's been plenty of warning; war has been "on again, off again." The actual outbreak could have been pretty well discounted by the markets and business; possibly, after an initial freeze, business could thaw out pretty quickly and get back to its year-in and year-out bread-and-butter activity—supplying the domestic market.

PRICES

IF 1914 IS ANY GUIDE, prices will gyrate without too much rhyme or reason at the outset of a war in 1938. In August, 1914, copper and cotton dropped

sharply, wheat and livestock prices went up. Wheat advanced because foreign crops were short; cotton fell because Germany dropped out of the market. But other prices moved more or less aimlessly on snap judgments. Basically, prices will fluctuate with the supply and demand status of individual commodities. Non-ferrous metals have been strong in recent dealings, largely because consumption has been cutting down supplies. Likely, they'll remain firm. And Mr. Wallace might get rid of a burdensome wheat surplus sooner than expected by feeding armies in Europe. Ultimately, as warring nations produce less and less of their own needs, prices ought to rise. Which is what happened before.

As for securities, if European investors start liquidating stocks and bonds, domestic markets are bound to suffer—even though they are more hefty and can stand more selling than in 1914, when the New York Stock Exchange closed. But a lot of precautionary selling already has occurred, and after the first spell of nervousness, there should be price readjustments to internal business conditions and prospects.

FOREIGN EXCHANGE

WITH STABILIZATION FUNDS working overtime already in England, France and other European financial centers, foreign currencies are under immediate sponsorship. Both Great Britain and France have large gold reserves to support the pound and the franc in an emergency; but, even so, under the impact of probable flights of capital, European currencies are likely to bounce about like a wire-haired terrier waiting to be fed. It's just as well, therefore, to be prepared for this as a war inevitability and to insist on payments for goods in dollars—just to be on the safe side.

MONEY AND BANKING

IN 1914, CALL MONEY jumped from 2½% in July to more than 6% in August. Commercial paper rates advanced from 4.44% to 6.7%. There was an immediate credit squeeze, and Europeans drew down their bank balances here—dis-

trusting this country's financial stability. The pound rose rapidly against the dollar as foreign funds sought safety in London. But now, New York is tops, financially; America is a creditor nation, not a debtor nation. And with excess bank reserves above \$3,000,000,000, credit ought to flow easily to meet any wartime business demands—at fairly low rates.

GOLD

WAR MIGHT PRECIPITATE a gold crisis. *Business Week* pointed out last week that the United States held more than 50% of the world's monetary metal. As foreign nations sent more gold here to pay for supplies, Secretary of the Treasury Morgenthau might have to reconsider his determination to pay to all comers \$35 an ounce for the yellow metal. This is no immediate problem; but it's something to watch. For if the United States drops the gold peg, then foreign exchanges won't have a solid base to tie to, will fluctuate weirdly.

EMPLOYMENT AND WAGES

THE RECENT SLOW, BUT SIGNIFICANT, increase in employment, has been due directly to the improvement in general business. And if the business man, when he gets to his office, does not hang up his courage with his hat, this trend is likely to continue. A possible American mobilization might pull skilled workers out of industry, might tend to produce a scarcity which would up wages.

INFLATION

AS A CONSEQUENCE of a long war, world prices—because many nations will be out of active production—are likely to rise. Living costs would tend to go up, would tend to produce demands for higher wages and salaries. Inflation—away from the currencies of neutrals as well as combatants—would be almost inevitable. Easy money in the United States would fatter this tendency. And, though that's taking the long look ahead, it's something worth thinking about as an effect of war on immediate business developments.

BUSINESS ABROAD

Keyed up to fever pitch by the week's almost unprecedented developments, world business is in the process now of readjusting itself to conditions resulting from the four-power conference.

From Wireless and Cable Reports by Business Week's Foreign Bureaus and Correspondents

A BLACK, LOW-HANGING WAR CLOUD still darkens Europe, but weather reports indicate that the storm is moving far less rapidly than a few days ago, though its course has shifted only slightly.

Place Hopes in Conference

All the world breathed a sigh of relief on Wednesday morning when the four-power conference was announced. London paused for a few moments in its frenzied war raid preparations; France smiled for the first time in a week but went grimly on its way unwilling to believe that the worst crisis since the World War had really passed. Thousands of excited American tourists waited anxiously at channel ports for outgoing vessels, or from the security of departing liners questioned whether they had given up unnecessarily the tag end of a vacation tour.

Europe is wholeheartedly placing its hopes in the Munich meetings, but business is still tense. Wednesday's early morning frenzy cannot be forgotten until there is concrete evidence that a plan has been formulated to settle the Sudeten question and, probably, much larger issues in Central Europe.

British Pound Reacts

The British pound is said to have been bid unofficially as low as \$4.58 at one time on Wednesday, though the announcement of the four-power conference was enough to boost the quotation back to the neighborhood of \$4.73. And the new gas masks hanging on the office door, the fresh trenches in Hyde Park for air raid emergency, and the big fresh posters appealing for men for the defense forces weigh more heavily on the immediate busi-

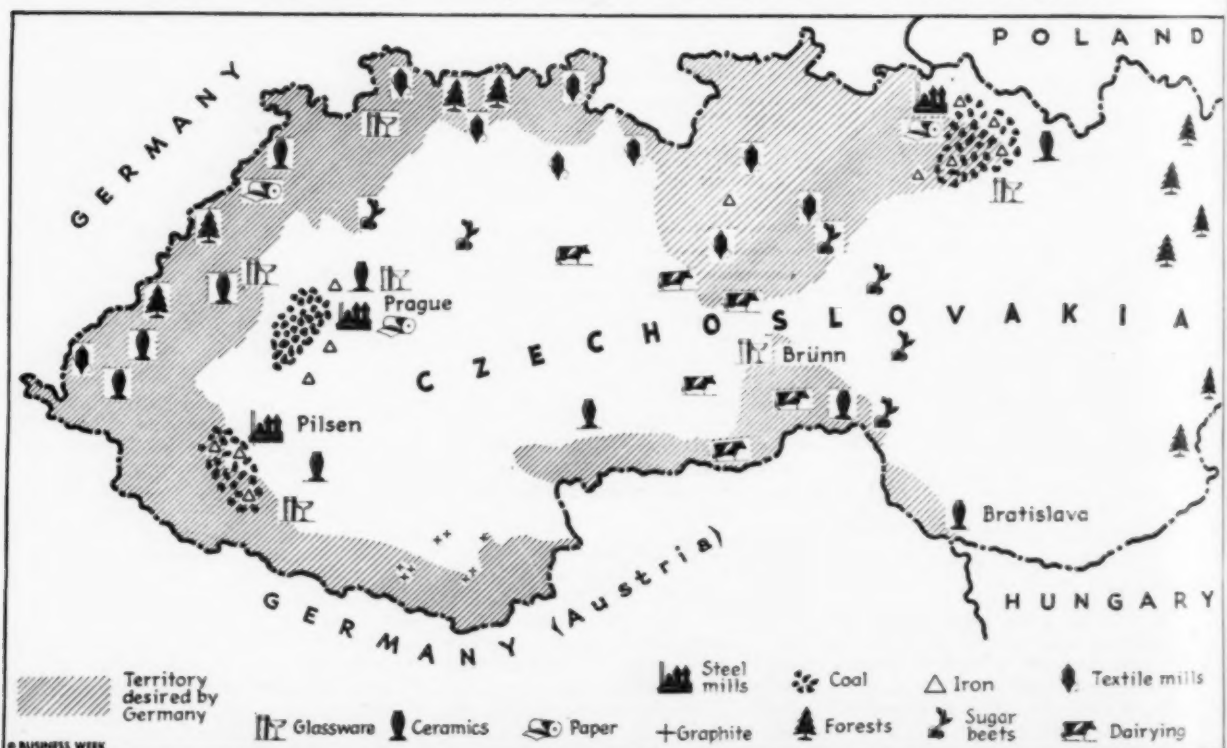
ness decisions of executives than the figures on the balance sheets.

The world is in the grip of the war fever, in spite of final hopes that a way out will be found, and that a peace plan can be carried through successfully—if it is formulated. No business will function normally for the next few weeks, for it will take the world that long to adjust itself to any new set of conditions that may present themselves.

Britain Is Prepared—While England hopes that war can be averted, preparations for a possible conflict continue in grim earnest. The resulting dislocation of normal human and business activity is piling up enormous costs and increasing the public resentment against Adolf Hitler.

The postoffices have 50,000,000 food card applications for distribution to

Where Czechoslovakia's Agricultural and Industrial Wealth Is Located



the Uni
household
tioned wil
and marg
dency to
grocers b
iting inc
Autome
car tanks
most gaso
any but
these to
public wi
immediat

Despite
subway w
shelter, c
central L
day. Con
closed na

Britain
ready for
hours. T
ences am
leaders o
tool, aut
building
have been
terials an
case of
works ar
tion to
The aut
shift to

The I
tolls whe
ceived, m
air-raid
scurried
in the ba

German
German
that the
pared fo
serves o
finance a
declared
Germany
ade. Bu
tirely di
Hitler's

Grain
ficient fo
years. F
wheat
made p
3,000,000
of appre
shortage
reduced
ments f
during t
tons of
vious se
tion of
"mass h
during
factors
direct a
Hungary

FOREIGN ANGLES

the United Kingdom's 18,000,000 householders. First items to be rationed will be meats, lard, butter, sugar, and margarine. There is a decided tendency to hoard food, which many grocers have agreed to combat by limiting individual purchases.

Automobilists hurried this week to fill car tanks and reserve receptacles. But most gasoline dealers refused to supply any but regular customers and held these to a few gallons at a time. The public was assured there would be no immediate rise in coal prices.

Despite announcements that the subway would not be used for air raid shelter, eight underground stations in central London were closed on Tuesday. Construction work of an undisclosed nature was begun.

Britain's armament industries are ready for a shift to a war basis in 24 hours. There were numerous conferences among government officials and leaders of the iron and steel, machine tool, automobile, coal mining, ship-building and other key industries. Plans have been completed for allocating materials and for expansion of output in case of an emergency. Iron and steel works are prepared to step up production to a 14,000,000-ton annual rate. The automobile plants are ready to shift to aircraft production.

The Lutine bell at Lloyd's, which tolls when news of a lost ship is received, rang Tuesday for a practice air-raid drill. Brokers and employees scurried to the underwriters' shelter in the basement.

Germany's Economic Hazards—The German public is being loudly assured that the national economy is fully prepared for war. It is asserted that reserves of food, raw materials, and finance are greater than in 1914. Hitler declared at the Nürnberg rally that Germany is now immune against blockade. But economists see a picture entirely different from that accepted by Hitler's followers.

Grain stocks are claimed to be sufficient for human requirements for two years. Flaw in this is the fact that wheat and rye accumulations were made possible by withholding some 3,000,000 tons from livestock. Because of apprehension over a possible fodder shortage the hog population has been reduced by 2,000,000. Nazi pronouncements failed to mention the import during the last crop year of 3,000,000 tons of corn (against 600,000 the previous season) for stock feed. Cessation of corn imports would force a "mass hog murder" greater than that during the World War. Against these factors must be placed the new and direct access to the grain resources of Hungary and Yugoslavia.

BUSINESS WITH CZECHOSLOVAKIA

WHATEVER THE ULTIMATE FATE of Czechoslovakia, several New York exporters declared this week that they were continuing to do business with established customers in that country. The four representatives whom the Czechoslovakian Export Institute has established in this country within the last few months are available in their offices in Chicago (headquarters), San Francisco, New Orleans, and New York to answer trade questions and push Czechoslovak products here if and when conditions are more normal.

TALLER THAN THE EMPIRE STATE

FOCUS OF INTEREST in the Soviet pavilion at the World's Fair in New York next year will be a model of the Palace of the Soviets, now under construction in Moscow and to be completed in time for the celebration of a quarter century of Communist rule in 1942. It is Russia's first and only skyscraper, and will be 23 ft. taller than New York's Empire State building.

OUR FOREIGN TRADE

FOREIGN TRADE HIGHLIGHTS, as revealed in August trade figures and cumulative figures for the year to date:

Exports in August: \$230,621,000

(larger than any August since 1930 with the exception of August, 1937).

Imports in August: \$163,540,000 (smaller than any August since the World War save in 1934 and 1932).

Exports and imports of merchandise for the first eight months of the calendar year compare as follows:

	Exports (Millions of dollars)	Imports (Millions of dollars)
1938	2,049	1,267
1937	2,082	2,194
1936	1,514	1,553
1935	1,369	1,340
1934	1,370	1,111

Most striking export gains were made by tobacco, wheat, corn, and fresh fruits. Aircraft exports bulged on the demand of an unsettled world.

Imports reflected the better business outlook in this country in recent months. Gains in August were made in incoming shipments of crude rubber, furs, hides, flaxseed, raw wool, manganese ore, tin, nickel, burlaps, leather goods, and sugar.

CHINA CENTRALIZES PURCHASES

CHINESE GOVERNMENT PURCHASES are now being centralized through the Central Trust of China, Hong Kong, and all shipments for interior points are being received at that port.

000,000 marks—an increase of 40% in one year. Only an iron grip on internal commerce prevents a runaway price situation.

Emergency Unites France—The long and bitter struggle of French labor for higher wages and improved working conditions and, more recently, for the continuation of the wide social benefits won two years ago practically vanished this week in the face of the greatest national threat to France since the last World War. By the time the four-power conference was summoned, French labor was solidly behind the government.

Business was paralyzed all week, though greatly cheered by the prospect that the Munich conference may work gradually into something bigger which will ultimately remove the war fear. Tensions and preparations to fight have gone too far, however, for business to return to normal for many weeks, no matter how encouraging first reports from Munich may be. The extensive hoarding of the last few weeks is only temporarily halted; the pressure on the franc would resume the minute negotiations broke down; all normal activity is submerged in a near-war hysteria.

Admittedly Germany has accumulated stocks of food, cotton, copper, and other war necessities. But these official stocks are much smaller than the private commercial supplies available in 1914. Then vast quantities of necessities were commandeered in factories, at ports, in transit. The present shortage extends to metal household articles; in 1914 much of this was convertible to war uses but many items are now made of inadaptible substitutes.

Germany's financial position is far less favorable than in 1914. The present official gold reserve, counting the seized Austrian holdings, is possibly 200,000,000 marks; in 1914 it was 1,500,000,000 marks. Now Germany's holdings of foreign securities are negligible; in 1914 she had over 20,000,000,000 marks in foreign securities which were used to purchase supplies in neutral countries. Moreover the national credit structure is almost at the breaking point.

Taxes are eating up half of the national income. Currency inflation is accelerating at a dangerous rate. The Reichbank's Sept. 23 report showed a heavy rise in loans, a substantial increase in bank note and total circulation. Note circulation is up to 8,786,-

Business Week

Advertisers in This Issue

October 1, 1938

ALLIS-CHALMERS MANUFACTURING CO.	2nd Cover
ALUMINUM CO. OF AMERICA	9
Agency—FULLER & SMITH & ROSS, INC.	
AMERICAN TELEPHONE & TELEGRAPH CO.	3rd Cover
Agency—NEWELL-EMMETT CO., INC.	
ATLANTIC MUTUAL INSURANCE CO.	48
Agency—DORRIS & CO.	
BALDWIN-DUCKWORTH CHAIN CORP.	44
Agency—GALLEN SNOW, INC.	
BARRETT-CRAVENS CO.	42
Agency—EDWIN J. HEIMER CO.	
A. M. BYERS CO.	20
Agency—KETCHUM, MACLEOD & GROVE, INC.	
THE B. F. GOODRICH CO.	1
Agency—THE GRISWOLD-ESHELMAN CO.	
HOTEL MAYFAIR	42
Agency—GARDNER ADVERTISING CO.	
INSURANCE CO. OF NORTH AMERICA	5
Agency—GEARE-MARSTON, INC.	
INTERNATIONAL HARVESTER CO., INC.	10
Agency—AUBREY, MOORE & WALLACE, INC.	
IRON FIREARM MANUFACTURING CO.	39
Agency—GENDER & CROSBLEY, INC.	
GEARE-MARSTON, INC.	6
Agency—GEARE-MARSTON, INC.	
KOPPERS CO.	43
Agency—KETCHUM, MACLEOD & GROVE, INC.	
LAMSON CO.	2
Agency—BARLOW ADVERTISING AGENCY, INC.	
MERCHANT CALCULATING MACHINE CO.	55
Agency—EMIL BRINACHER & STAFF	
THE MARINE MIDLAND TRUST CO. OF NEW YORK	40
Agency—HATTEN, BARTON, DURNSTINE & OSBORNE, INC.	
GEORGE S. MAY CO.	4th Cover
Agency—JIM DUFFY, INC.	
MCGRAW-HILL BOOK CO., INC.	48
NEWELL-EMMETT CO., INC.	40
Agency—NEWELL-EMMETT CO., INC.	
NORFOLK & WESTERN RAILWAY CO.	45
Agency—HOUCK & CO.	
THE POSTAGE METER CO.	37
Agency—BRIGGS & VARLEY, INC.	
ROBBINS & MYERS SALES, INC.	40
Agency—ERWIN, WASEY & CO., INC.	
SCOTT PAPER CO.	12
STANDARD ACCIDENT INSURANCE CO.	3
Agency—N. W. AYER & SON, INC.	
STATION KXOK	
ST. LOUIS STAR-TIMES	10
Agency—RUTHRAUFF & RYAN, INC.	
TINNERMAN STOVE & RANGE CO.	4
Agency—THE CARPENTER ADVERTISING CO.	
THE TRANE CO.	41
Agency—ADDISON LEWIS & ASSOCIATES	
WARREN WEBSTER & CO.	8
Agency—WILLIAM JENKINS ADVERTISING	
WOODSTOCK TYPEWRITER CO.	42

Canada

Outlook brightens: rail revenues larger, foreign trade up, farmers more prosperous.

OTTAWA—Canadian business is affected by uneasiness over the European crisis and uncertainty regarding the impending trade agreements. Both factors have a restraining influence on plans and commitments. During the past week, however, rail freight traffic moved up 9.2% from the previous week to the year's peak, railroad earnings continued to exceed 1937, bank clearings bettered last year, the 8-week decline in wholesale prices was halted, and retail trade was generally good and in the western provinces better.

Foreign trade, which has been off for several months, shows distinct signs of recovery, Canadian exports gaining \$8,000,000 in August over July.

One effect of the war scare is a rush of overseas orders for Canadian wheat. An unusually large number of tramp steamers have been chartered for loading at St. Lawrence River ports. Canada will have available for export about 280,000,000 bu. during the crop year, expects to sell about 245,000,000 bu.

Alberta Oil in Demand

Most spectacular development in Canada arising out of the European situation is the interest of the British government in Alberta oil. This week came reports from London that the Admiralty was studying plans for the development of Alberta's spectacular new Turner Valley and transmission of the oil to tidewater at Vancouver by a pipe line from Calgary through the mountains. The British government had representatives look over the field this summer, including Sir Edward Ellington of the aircraft mission here recently. The Admiralty proposal follows an offer from Tropicord Inc., of Berlin, to build a pipeline to Vancouver and take payment in oil. The Alberta Conservation Board has just ordered another reduction in proration in the Turner Valley field to 22,000 barrels a day, following slackening demand. The field could produce 50,000 barrels. Oil and gas interests seek to upset the law under which the board acts.

Follow-up of actual and prospective British war plane orders is a plan of Aluminum Co. of Canada to expand its Toronto fabricating plant to produce alloys for aircraft.

Christmas Buying Delayed

Some Christmas orders for the United States are being deferred owing to the uncertainty about the trade pact. In some quarters it is expected the extra 3% import tax on all imports will be removed or reduced under the

Coast Shipping Scoffs at McAdoo as Dollar Operator



International

THIS WEEK'S appointment of William Gibbs McAdoo, above, to chairmanship of the reorganized Dollar line came as a complete surprise to Coast shipping, which had assumed he would be selected to fill the vacancy in the Maritime Commission. The appointment is decidedly unpopular with West Coast steamship officials, business, and the public. Bitter criticism from the shipping fraternity is probably colored by disappointment of companies and officials who had been bidding for management of the new Dollar operations. But there is a general feeling that McAdoo, with no steamship experience, is ill-equipped for the job. Incidentally, McAdoo's Senate resignation would throw the California Senatorial campaign into an uproar, with Republican Gov. Merriam empowered to appoint his successor—perhaps Republican candidate Philip Bancroft, member of Associated Farmers and opponent of Sheridan (\$30-every-Thursdays) Downey.

new agreement. It was imposed originally for revenue purposes.

A move against combine-controlled cigarette and tobacco prices is under way. A federal probe commissioner has reported existence of a combine within the meaning of the combines act in the tobacco industry, dominated by Imperial Tobacco Company and its sales distribution subsidiaries, and that it operates to maintain prices. The report states that independent tobacco manufacturers find their distribution impeded by jobbers and wholesalers if they offer price concessions to consumers. Imperial Tobacco replies that its arrangement is merely in the interests of orderly business and benefits the public, including consumers. In Montreal a dealer's action for damages against the company on the ground of combine operations has been dismissed.

EDITORIALLY SPEAKING

BY DR. VIRGIL JORDAN

President of the National Industrial Conference Board

In ten dreadful days we have had two dramatic reminders of something about business that has lately been too often or too long forgotten by almost everybody in it.

The shriek of the North Atlantic hurricane, too swift and erratic to forecast, the tramp of massing armies in Europe, too ponderous and powerful for a world's tears, curses, or prayers to halt, have reminded us that business is built on nature and men, and that both can make a bloody mess of it when they wobble.

The brutal low-down on life beneath the devastation of storm and the delirium of war seems to me to deliver a swift rear-end kick to the silly cynicism and the sickly security psychology that has seeped into every aspect of social, economic, and political thinking today, and is sapping the vitality of enterprise and paralyzing the push of progress. It offers a rousing revelation of the relentless challenge of nature and of the resourcefulness and vigor of men. It makes an unmistakable demonstration of the truth that life is still a damned difficult and dangerous job, but that men still have an immense amount of energy and enthusiasm for it. It is good for everybody in business or out to be reminded of that once in a while, in a world that has taken too much for granted for a long time.

I am not trying to condone or to console anyone for waste, devastation or war. I am only suggesting that natural adversity and even human idiocy have their uses in strengthening and reassuring us about the basis of business, which is always the needs and desires and energies of men. The cyclone that swept away a million ancient elms in New England will rouse to life again the spirit that planted them, to plant a million more. That fact is more important for the future of business in New England than the dismal dollar statistics of destruction or the WPA grants to repair it.

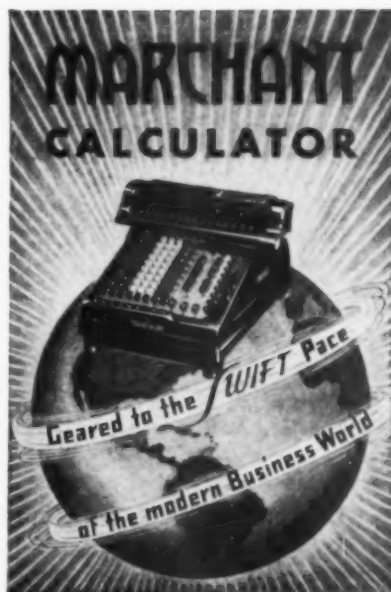
The great war was the most destructive catastrophe in human history, in any terms you choose to reckon it. It has retarded the economic and social progress of the world for a whole generation. But the bare fact that, only twenty years after, there is human energy enough in Europe to make millions of men mobilize again for another grisly Armageddon means at least one thing more than merely another commentary on the folly and futility of life. It means that these millions still want something they have not got,

SYMPOMATIC OF THE TIMES, Editorially Speaking goes into conference. In the gallus-snapping days of omniscient journalism, speaking editorially was the editor's exclusive prerogative. Today it is every man's privilege. More than that, in these days when theories are sometimes more moving than realities, the practice of speaking editorially—of swapping ideas and information—is an obligation imposed on the business man who wants to keep abreast of the tide. In its awareness of that obligation, *Business Week* sets aside this space for a business leader to speak his mind about matters that seem to him of moment. That business leader is the president of the National Industrial Conference Board, the former Staff Economist of *Business Week*. This is Dr. Virgil Jordan—editorially speaking.

want it hard enough to die for it. It may be the wrong things—territory, power, natural resources or peace. Who shall say what men should want? Not even a Hitler, a Mussolini shall say for long. The important thing is that they have the energy to move, even to mass murder; to make an effort, even insane; to exert themselves toward an end, even a delusion; that they are not content to rest smugly where they are with what they have.

War is an abnormal and dramatic mobilization of human energies to destructive ends. Day in and day out, business the world over is a far greater and more powerful organization and expression of the same energies in the same people for the purposes of a fuller and richer life. Where we have the one we may be sure we can have the other.

War is a grim reminder that the emotions of men are still stronger than their intelligence, just as devastating storms and floods serve notice on us that our knowledge and skill are still not strong enough to harness all the forces of nature. But the losses that their violence entails, the tottering exchanges, the paralyzed trade, the dislocation of production and labor that accompany the human chaos of war, are not cause for despair. To those who see the immense human energies that surge beneath the surface of disaster and folly there is a stirring challenge to build upon them better for the future.



The WORLD of BUSINESS selects MARCHANT!

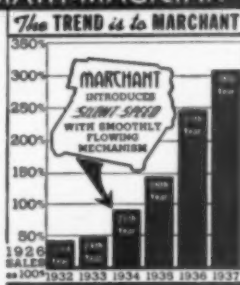
● Modern calculating intermingles addition, subtraction, division, and multiplication. MARCHANT'S One-Hand Keyboard Control permits change from one to the other without preparatory or intermediate operations... Always Ready!

Unprecedented *SILENT-SPEED* Automatic Simultaneous Multiplication

● Recognizing that multiplication is the principal task, Marchant provides means whereby multiplication proceeds during entry of 2nd factor. No delay after both factors are set up. Answer appears simultaneously with entry. Products may be added to or subtracted from previous total (Deducts tare, discounts, etc.)

MARCHANT the MATH-MAGICIAN

Continuously
Manufactured,
Consistently
Preferred
and
Satisfactorily
Served
for
28 years



MARCHANT SALES GROWTH GREATLY EXCEEDS THAT OF OFFICE EQUIPMENT INDUSTRY
Copyright 1938

MARCHANT CALCULATING MACHINE COMPANY
HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.
Sales Agencies and Manufacturer's Service Stations in all Principal Cities

Gentlemen: BW 10-38

You may send us MARCHANT detailed FEATURE ANALYSIS, without obligation.

Name

Address

City State

BUSINESS WEEK

The Journal of Business News and Interpretation

OCTOBER 1, 1938

To Men of Good Will

IT WAS WITH A SAD SENSE of the irony of its choice that *Business Week* devoted the cover of this issue to the theme of peace, personified by stalwart Ed McGrady. The American Arbitration Association's dinner at New York on Tuesday night to acclaim the services rendered the cause of industrial peace by the former Assistant Secretary of Labor, now Radio Corporation's vice-president in charge of industrial relations, was a narrow calm in the week's great storm of war threats in Europe. And there is little peace in the first news pages following this Oct. 1 cover.

Yet there could be no more appropriate moment for emphasizing to business executives the present need of men of good will and of policies of good will, such as were acclaimed at the McGrady dinner.

This is not because of the opportunity to draw a dramatic moral from the chaotic field of world affairs where willful evil and stupidity that is blind to evil had this week brought helpless peoples to the edge of disaster. A lesson that may be written in blood, tomorrow if not today, needs no telling here, nor is this the place to preach on that tragic text.

But the present situation brings up certain less grandiose, certain highly practical reasons for reconsidering the problem of effecting industrial peace which was highlighted at the McGrady dinner, for making a fresh start on the whole public relations job which confronts business, both inside its offices and plants and outside them in its contacts with the general public.

WAR COULD NOT HELP but add to the need for the kind of public relations work by industry which is discussed in the Report to Executives appearing in this Oct. 1 *Business Week* as part of a broad editorial program launched by all the business publications issued by the McGraw-Hill Publishing Co. A war bringing heavy foreign orders to American industry, raising the question of "war profits," suddenly swelling the demand for labor, interrupting the orderly development of labor policies, confronting business with emergency decisions and conferring on government emergency powers to which no one could see the end, must inevitably complicate industry's job of building a better understanding of its problems and of its part in American life. In the sudden planless expansion of many businesses in the last war, old customers sometimes received cavalier treatment, public responsibility was occasionally forgotten—and these mistakes can be made again under similar

conditions. When they are made, all business suffers. Under any threat of a new war, the importance of good public relations cannot be over-emphasized.

HOWEVER, IT SHOULD not take the threat of the confusion wrought by war to turn the attention of the business executive to his lines of communication with employees and with the general public. As brought out in the Report to Executives, they have already been weakened by the depression and damaged by political attacks. In some cases, they have not been realigned to the changes in public thinking, in the relationship between business and government, and in the concepts of business itself which grew out of the last war.

More often, though, business has broadened its sense of responsibility to employees and community without succeeding in registering that fact in the minds of those whom it serves. Its increased contributions to social and economic welfare can easily be charted, as they are in this issue; figures can be put back of such statements as that of A. W. Robertson, Westinghouse chairman, at the International Management Congress last week—that "the better management functions, the higher the standard of living;" yet some politicians and some labor leaders still convince some of the people that business is a thing apart from the common interest, working for its own narrow, selfish ends.

The task of establishing peace between business and labor and between business and government rests largely on the shoulders of those men of good will in industry who also have the good judgment to see that, today, public relations is first in the order of business, to be developed by modern methods, to be made a direct executive responsibility. While honoring men like Edward F. McGrady who have served business by settling differences for it, their job now is to forestall differences.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. ME 4-0700. Price 20¢. Subscription: \$3.00 a year, U.S.A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawhill.

Willard Chevalier Ralph Smith Paul Montgomery
Vice-President and Publisher Editor Manager

Managing Editor, Louis H. Engel Economist, J. A. Livingston
Foreign, John F. Chapman Finance, Clark R. Pace
Management and Labor, Frank Rising Production, J. F. Hanson
New Products, W. W. Dodge Marketing, Edward Hutchings, Jr.
Law, J. A. Gerardi Statistician, R. M. Machol Chicago, Louis DeBord
Detroit, Athel F. Denham San Francisco, Cameron Robertson
Washington, McGraw-Hill Bureau; Irvin Foss, Special Correspondent
Foreign Bureaus in Ottawa, London, Paris, Berlin, Moscow, Tokyo,
Buenos Aires. Correspondents in other cities abroad.

CT. 8
936

SINES
DICATC

Fers.
ce of

the
ation
ation
As
have
lam-
have
ing,
nent,
grew

l its
nity
the
ribu-
y be
put
pert-
onal
etter
d of
ders
is a
for

iness
rests
ll in
hat,
ness,
le a
men
s by
stall

Inc.,
0700.
sions,
whill.

inery
nager

ngton
Pac
ason
s, Jr.
Bord
erson
ndent
kyo,

RAW-
LISI
PANY

CE